

NSOS

Content

LUNDBERGS

This is Lundbergs	3
The year in brief	5
Letter from the CEO	6
Lundbergs as an investment company	13
Objective, business concept, strategy and value creation	13
Assets and investment activities	15
Net asset value	16
Cash flow	17
The Lundberg share	18
Key figures	20
Ten-year overview	21
Sustainable value creation	22

PORTFOLIO COMPANIES

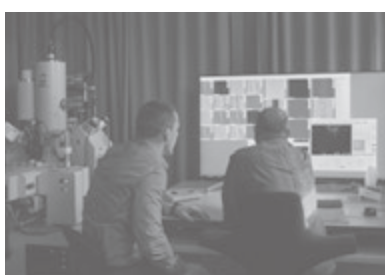
Lundbergs Fastigheter	32
Holmen	36
Hufvudstaden	38
Husqvarna Group	40
Industrivärden	41
Indutrade	42
Alleima	43
Handelsbanken	44
Sandvik	45
Skanska	46

ANNUAL REPORT

Table of contents	47
Report of the Board of Directors	48
Definitions	57
Group	
Financial statements	58
Notes	61
Parent Company	
Financial statements	92
Notes	94
Proposed distribution of earnings	99
Auditors' Report	100

OTHER INFORMATION

Board of Directors	104
Senior executives	106
Annual General Meeting and financial reports	108
Addresses	109



The official Annual Report comprises the Report of the Board of Directors and the financial statements, plus the notes and comments on pages 22-29 and 47-99. The statutory sustainability report in accordance with the Annual Accounts Act is included in the Annual Report (pages 22-29 and notes 39 and 40 on pages 87-91). The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be subject to adoption by the Annual General Meeting.

This is Lundbergs

L E Lundbergföretagen AB is an investment company that manages and develops a number of companies based on long-term, active ownership. Clear leadership, responsibility and sound, sustainable business acumen, along with a solid financial positioning, are important values that characterize Lundbergs' approach. Through growth in dividends and net asset value, the objective is to generate a return for shareholders that comfortably meets the market's return requirement.

About Lundbergs

Lundbergs was founded in Norrköping in 1944 by Lars Erik Lundberg. Lundbergs originally focused on building residential housing, but over the years the company has evolved from a construction company into an investment company with interests in a range of industries, and always with a long-term approach to ownership. The company has been listed on Nasdaq Stockholm since 1983.

Portfolio

Lundbergs invests in real estate and publicly traded companies. The portfolio of assets includes the wholly owned business Lundbergs Fastigheter, the subsidiaries Holmen and Hufvudstaden and the associated companies Husqvarna, Industrivärden and Indutrade. Lundbergs also has major shareholdings in Alleima, Handelsbanken, Sandvik and Skanska.

Direct and indirect real estate exposure accounts for approximately 27% of our total assets. The remaining approximately 73% relates to publicly traded companies outside the real estate sector. There is a favorable balance between the assets, which are characterized by high quality and low risk.

LUNDBERGS

WHOLLY OWNED BUSINESSES

Lundbergs Fastigheter	100
-----------------------	-----

SUBSIDIARIES

Holmen	34.1 (62.3)
--------	-------------

Hufvudstaden	47.2 (88.6)
--------------	-------------

ASSOCIATED COMPANIES

Husqvarna Group	7.6 (25.5)
-----------------	------------

Industrivärden	19.2 (25.0)
----------------	-------------

Indutrade	26.6 (26.6)
-----------	-------------

MAJOR SHAREHOLDINGS

Alleima	6.1 (6.1)
---------	-----------

Handelsbanken	3.0 (3.1)
---------------	-----------

Sandvik	2.8 (2.8)
---------	-----------

Skanska	5.4 (13.0)
---------	------------

The figures denote the percentage of share capital (voting rights) held at February 21, 2023.

The Lundberg share

Through growth in dividends and net asset value, Lundbergs' objective is to generate a return for shareholders that comfortably meets the market's return requirement.

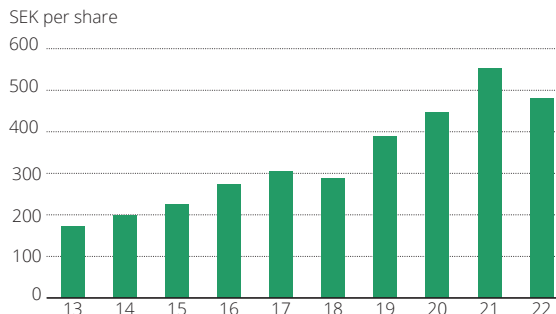
Net asset value (total assets less liabilities and deferred tax) amounted to SEK 480 per share at December 31, 2022.

Net asset value per share over the past 10-year period has grown on average by 12.3% per year.

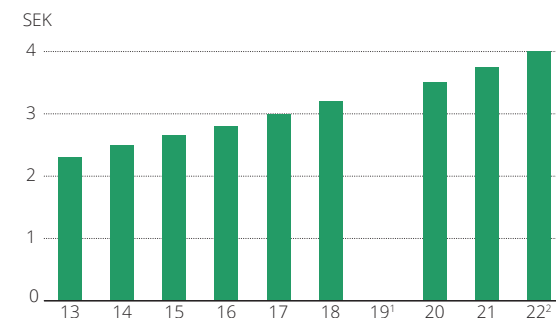
Lundbergs aims to provide shareholders with favorable and steady dividend growth over time. The Board of Directors' proposal to the 2023 Annual General Meeting (AGM) is a dividend of SEK 4.00 per share. Dividend growth over the past 10-year period has averaged 6.4% per year.

The Lundbergs share's total return over the past 10 years has grown on average by 15.6% per year. The Stockholm Stock Exchange's annual total return over the same period was 12.1% per year.

Net asset value after deferred tax



Dividend

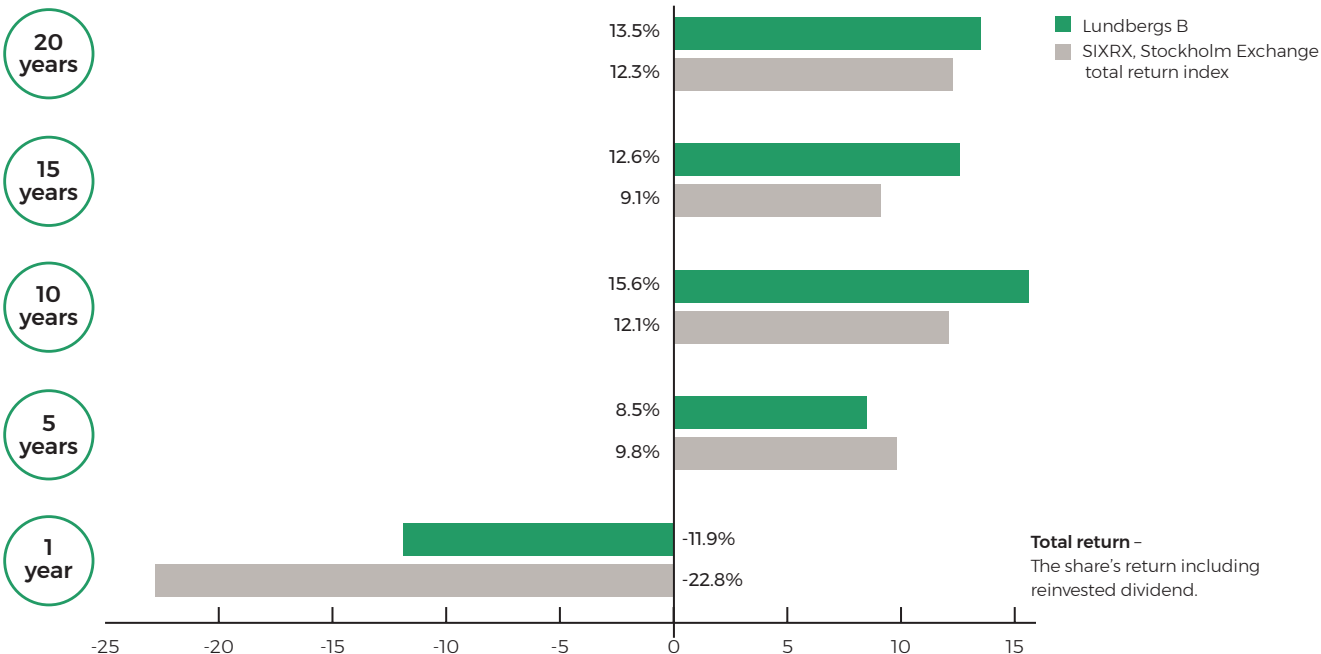


¹ No dividend paid.

² The Board of Directors' proposal.

Total return on the Lundberg share

AVERAGE PER YEAR



The year in brief

- On December 31, 2022, net asset value after deferred tax amounted to SEK 480 per share (533).
- Consolidated net sales amounted to SEK 29,193 m. (24,832).
- Profit after financial items totaled SEK 7,679 m. (17,134).
- Profit after financial items excluding impairment losses and unrealized changes in value amounted to SEK 7,988 m. (11,912).
- A dividend of SEK 4.00 per share (3.75) is proposed.
- In the Parent Company, SEK 1,143 m. was invested in publicly traded shares, and in the wholly owned business, Lundbergs Fastigheter, SEK 809 m. was invested in acquisitions, new builds and refurbishment.

Earnings and key data

	2022	2021
Net asset value after deferred tax, SEK billion	119.0	132.3
Net asset value per share after deferred tax, SEK	480	533
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	402	402
Net sales, SEK m.	29,193	24,832
Profit after financial items, SEK m.	7,679	17,134
excluding impairment losses and unrealized changes in value, SEK m.	7,988	11,912
Profit after tax, SEK m.	5,773	14,924
of which, non-controlling interests, SEK m.	4,259	3,556
Earnings per share attributable to the Parent Company's shareholders, SEK	6.10	45.84
Dividend/share, SEK	4.00 ¹⁾	3.75
Debt/equity ratio, multiple	0.12	0.14
Equity/assets ratio, %	73	73

¹⁾ The Board of Directors' proposal.

Letter from the CEO



In 2022, the dominant light-touch monetary policy of recent years, which brought low interest rates and good access to liquidity, came to an abrupt end. Many countries experienced inflation levels not seen for decades. The massive stimulus packages that were initiated during the pandemic increased demand pressure, while at the same time the capacity of global supply chains was limited, accelerating the rate of price increases. In early 2022, the increase in inflation was considered temporary by many, not least the central banks. During the first half of the year, in particular after Russia invaded Ukraine, it became increasingly obvious that there was a risk of inflation having a more long-term negative impact and many central banks were forced into a drastic restructuring of monetary policy, resulting in rising interest rates.

The effects of this stricter monetary policy have been clear, both in our economy and in the financial markets. Rising interest rates and inflation have eroded the purchasing power of households. Russia's invasion of Ukraine has also exposed the weaknesses in European energy policy. Heavy reliance on Russian natural gas has put a tremendous strain on the European energy supply, at times resulting in extreme price levels. All in all, this has led to a worsening of the economic outlook during the year. The decline has been most pronounced in Europe because of the energy situation and its proximity to the war. Economic activity in the USA remained good for most of the year, although we observed a clear slowdown towards year-end. The Chinese economy experienced weak development, likely due mainly to the limitations resulting from the country's strict COVID restrictions. China opened its borders in early January 2023, prompting hopes of increased future growth.

The financial markets experienced a challenging year, with many asset categories seeing price falls. Rising interest rates combined with increasingly uncertain economic development had a negative impact on the stock market. An increasingly complicated geopolitical situation has also created uncertainty, further weakening development. In many respects, this has represented a correction to the extreme situation created during the pandemic. The largest falls were observed at companies that were valued with high profit multiples. Shares in those companies that have high debt levels and a major need for refinancing also experienced very weak trends. Real estate companies have been hit particularly hard. The unchecked expansion of some of these companies was based on having easy access to capital at extremely low interest rates. A situation that is now a thing of the past.

There has been an upturn on the stock market during the early part of 2023. There are many indications that inflation is now past or near its peak. It will probably be a long time, however, before inflation is back at an acceptable level. I therefore believe that the policy interest rates of central banks will remain at a relatively high level throughout 2023 to ensure the long-term suppression and stabilization of inflation. The stock market is usually 6 to 12 months ahead of the real economy, which explains the upturn on stock exchanges at the beginning of the year. Future interest rate reductions are already being discounted. The weak economic prospects for 2023 do not appear to be worrying the stock markets much at the moment.

The new geopolitical situation and the energy transition are driving costs and will have an impact on us for several years to come. Investments in new energy sources are often complicated and take a long time to implement, even if the permitting process is made easier. It is my conclusion, therefore, that we have entered into a new kind of economic development and logic that is different from what we have become accustomed to in recent years. This naturally presents both challenges and opportunities.

A weak year for the stock markets, like 2022 has been, gives cause for some reflections.

As an investor, it is of course always important to select strong and healthy companies that are well equipped for the future. The reasoning behind the choice of company should be rational to the right extent; in other words it is also important to listen to your gut instinct when investing. As a long-term active investor, you remain close to your companies for a long time. Success requires a great deal of care and commitment. The conditions for achieving this are significantly improved if you have the right feeling for and interest in the company, as well as patience and a long term approach. Time is also an important resource for an investor. Resilience and hard work pay off and generate the compound interest effect. Not all investments achieve the same level of success, but in a portfolio of strong companies there are usually some that do really well, which is enough to achieve a good return on the portfolio. It is also important not to have unrealistic expectations of the return on an investment, but to be satisfied when the return is reasonable. Otherwise there is a greater likelihood of inappropriate action, either at shareholder level or within the company, which increases the risk of failure.

Diversification increases risk if taken too far. Knowledge and focus are important and are best achieved through adequate level of diversification. I also believe it is important to invest in equities on a continuous basis. Over time, the stock market has generated a real return of around 7% on average, which doubles capital in real terms in 10 years. This requires you to be invested the entire time, however. If you break the long investment period and come out of phase, there is a risk of the return being significantly

lower. You just have to be invested in ups and downs if you want to share the attractive long-term returns. It is worth mentioning that the US has been in economic recession for 20% of all months since the 20th century began. This has not inhibited the good long-term return, however, but can instead be considered a normal phenomenon.

It is a fundamental requirement for an investor to also have a strong financial position and safety margins. The companies invested in should also have a strong and healthy balance sheet. These principles have guided us at Lundbergs for a long time and have played a major role in enabling us to achieve a competitive return over time. The average total return for shareholders over the past 10 and 20 years has been 16% and 14% respectively. The corresponding figures in real terms are 14% and 12% respectively. A weak year for the stock markets, like 2022, therefore does not have any great impact on the return in a long-term perspective.

Lundbergs' business model is robust and long established. We continue to invest in properties and in selected publicly traded companies, always with a long-term horizon. Lundbergs is directly, and indirectly through Industrivärden, a major shareholder in twelve publicly traded companies, alongside our wholly owned real estate operations. All companies are of high quality, with good opportunities for future value creation. I believe that the level of diversification is sufficient for us to achieve an appropriate risk spread. It also means that we can maintain the level of knowledge necessary to carry out our duty as an active owner with the right amount of focus. For many years, I have been emphasizing the importance of leadership, decentralization and financial strength. The proper management of these issues is absolutely vital for the development of a company. I am pleased to state that our portfolio companies have become increasingly better in these respects. The importance of leadership cannot be overestimated. I am very satisfied and grateful that we have so many competent personnel in key positions at our portfolio companies.

The Boards of Directors also have an important role to play, in particular the Chairs of the Boards. We have been working on Board recruitment for many years and have gradually enhanced the competence and experience on the Boards of Directors. I would say that the standard of Board members at our portfolio companies today is very high.

Lundbergs' business model is based on us being fully invested over time in real assets in the form of properties and shares in publicly traded companies. We combine this with low financial risk through low levels of borrowing. Our finance policy allows real estate operations to be leveraged up to a maximum of 50%, while investments in our portfolio companies must be unleveraged. At year-end, the leverage ratio for real estate operations was 24% and all publicly traded shares were completely unleveraged.

“As a long-term active investor, you remain close to your companies for a long time.”

Interest-bearing net debt at year-end was SEK 6.8 billion, which corresponds to 5% of Lundbergs' total assets. Our low debt level is important in enabling us to fulfil our role as a long-term active owner. We must be ready to participate in capital contributions to portfolio companies whenever necessary and also to seize investment opportunities as they arise. Our cash flow before investments was SEK 2.8 billion in 2022 and this is expected to increase in 2023. This means we can continue to invest in line with our business model without increasing borrowing.

Sustainability issues have increasingly become a focus of attention in recent years. Most companies are now developing their business using sustainability as an important competitive tool. What a few years ago was viewed with skepticism must now be seen as a factor for success. Our Board members at the portfolio companies actively support the work of their companies on these issues. Lundbergs' sustainability agenda is based on the ten fundamental principles of the UN Global Compact. We will continue to support this initiative and have pledged to realize and integrate these principles into our operations.

There were major changes on the real estate market in 2022. Turnover on the transaction market declined, following many years of high levels of activity. This was mainly the result of changes on the capital market, where the conditions for debt financing were dramatically altered. The interest rate rises of central banks combined with a greater focus on risk made loan financing both more expensive and more difficult to obtain. The yield requirements for real estate generally increased, which had a negative impact on property values. The relatively strong rental market and inflation clauses in leases increased operating income in many cases, however, which mitigated the fall in value.

There is increasingly clear differentiation between properties on the rental market. There is also significant variation between different markets, of course, with a preference being shown for larger cities with good growth. Centrally located commercial properties and properties with good transport links have become even more in demand. Modern properties with new technology and efficient use of space are also highly sought after. You could say that the wheat is now being separated from the chaff. Quality will be appreciated and prized ever more highly in the future.

During the pandemic, many employees of organizations worked from home. This situation persisted for quite some time, but I am now finding that the vast majority of people, both employers and employees, are seeing the benefits of coming together and working at the office. Interaction within an organization is absolutely vital for improving ability to develop and optimizing results.

The changes to the conditions for real estate financing that took place in 2022 will persist for a long time to come. I do not believe we will see the return of the capital market that we had for many years prior to this.

The light-touch monetary policy contributed significantly to the overheating we saw on the asset market. This was a period of over-optimistic future expectations of development and profits, as well as increased risk-taking. A more balanced situation suits a company such as Lundbergs better. Money should have a price and not be

available in abundance. This creates significantly better conditions for healthy economic development in society as a whole.

In my letter from the CEO last year, I highlighted social developments as a serious threat to the property market. Sadly, this is something I must repeat this year with even greater seriousness. If anything, criminality in society has increased and taken hold. A completely unacceptable situation in a well-developed, democratic country such as Sweden. This is a trend that must be broken. Property values are dependent on economic growth and stability in society. In my opinion, the current trend increases the risk involved in property investments.

Performance in 2022

In 2022, Lundbergs reported consolidated after-tax profit of SEK 5.8 billion (14.9). After non-controlling interests, the figure was SEK 1.5 billion (11.4). Excluding unrealized value changes and impairment losses, profit after financial items was SEK 8.0 billion (11.9). Net asset value per share after deferred tax decreased by 10% to SEK 480 (533) as a result of the weak stock market trend. On February 21, 2023, the corresponding value was SEK 507 per share. Lundbergs' shareholders received a total return of -12% (pos: 16) in 2022, compared with the corresponding stock exchange index of -23% (pos: 39). It is pleasing to report that the number of shareholders in Lundbergs continued to rise during the year to around 58,000 (54,000). This demonstrates a high level of confidence in our business model and the way we run our business. The Board of Directors proposes a dividend of SEK 4.00 per share (3.75) to the Annual General Meeting. This is in line with our long-term aim of offering shareholders favorable and steady dividend growth. At the same time, we are keen to continue to accumulate equity to enable us to pursue our successful business model.

Lundbergs Fastigheter

Lundbergs' consolidated financial statements include Lundbergs Fastigheter with operating profit of SEK 0.6 billion (3.0). This includes unrealized changes in value of SEK -0.4 billion (2.0), which fully accounts for the fall in profits during the year. The reduction in value is the result of higher yield requirements, which were partially offset by increased operating income. Excluding the reduction in value, operating profit rose by 8% in 2022. The rental market in our marketplaces remained strong for residential units and stable for offices. However, demand was weak for retail properties and restaurants. The structural transformation in the retail sector and the ongoing impact of the pandemic are key reasons for this. Swedish consumers have also been affected by high energy costs and interest rates, which also affected the retail sector. Our leasing situation was favorable throughout the year, however, and the vacancy rate for the full year 2022 was 3.7%. The low vacancy rate is the result of the high quality of our real estate portfolio, with attractive locations in our market areas. Our organization has also done a very good work.

The LINK Business Center project in Linköping was completed in spring 2022. This has become a landmark and a profile property in Linköping and is fully leased. Extensive redevelopment also began on a commercial property in the best location in central

Norrköping. The facade is being renewed and retail spaces converted into office space. A lease has been signed with the operator of a co-working facility, who will be moving in during fall 2023. The redevelopment of several residential properties continued during the past year. These properties are 50 to 60 years old and are now being upgraded to modern standards. The properties have an attractive location and are now having their lifespan significantly extended.

A centrally located logistics facility in Linköping was acquired during the spring for SEK 238 m. and lies right next to the planned new travel center. The long-term plan is to redevelop the property to offer both residential and commercial spaces. We believe that Linköping will continue to grow and experience positive development. In total, we invested SEK 754 m. in properties during 2022. Lundbergs Fastigheter also continued its ambitious sustainability work, which aims to achieve climate neutrality by 2030.

Our management and organization have done an excellent work during the past year. They have handled the after-effects of the pandemic, as well as the cost pressure, in an exemplary manner. This has also been recognized through a number of industry awards. I would like to thank the company's CEO Louise Lindh and all other members of staff for their excellent work in 2022.

Portfolio companies

In 2022, the Parent Company acquired publicly traded shares for SEK 1,143 m., of which SEK 383 m. in Industrivärden, SEK 312 m. in Alleima, SEK 189 m. in Handelsbanken, SEK 114 m. in Hufvudstaden, SEK 93 m. in Sandvik and SEK 52 m. in Skanska. In addition, 6.9 million shares in Alleima were obtained in the form of a dividend from Sandvik. The value of these at year-end was SEK 265 m. At the end of 2022, Lundbergs' holdings in the nine publicly traded portfolio companies represented a market capitalization of SEK 99,011 m., compared with SEK 113,151 m. a year earlier. Adjusted for acquisitions during the year, the value decrease was 13%, which may be compared with a 25% fall in the SIX General Index. We aim to continue to invest in our portfolio companies over the coming years. We believe that there is still interesting value potential in these and are therefore increasing our share of value creation. We do not see any need for further diversification, as our ownership in Industrivärden provides this to a sufficient degree. Our wholly owned operation in L E Lundberg Kapitalförvaltning engages in asset management in both the short and medium term, as well as analytical activities. The company also serves as a support function for the Parent Company. The business has reported favorable earnings over time but returned a negative result in 2022. I would like to thank the company's CEO Claes Boustedt and his colleagues for their excellent work over the past year. Claes is also the Executive Vice President of the Group and my closest colleague and right-hand man. We have been working

together for 30 years and gradually developed our cooperation into what it is today. I hope we can continue to do so for many years to come.

Holmen achieved record results in 2022. Paperboard, Paper and Renewable Energy all reported better profits than the year before. Forest remained at the same level as last year, while Wood Products fell slightly compared with 2021.

Interest in investing in forest real estate remains strong. Prices rose, increasing the value of Holmen's forest assets by SEK 5 billion to SEK 52 billion. Holmen is one of Sweden's largest forest owners. Its forest holdings, focused in the north of the country, are a unique asset and form the backbone of the company.

In recent years, Holmen has expanded its wood products business, both organically and through acquisitions. The transition to more sustainable construction means increased demand in the

long term. Holmen is now also investing to increase the production of processed products such as cross-laminated timber and glued laminated timber. The construction of a new large-scale sawmill in Rundvik, together with SCA, is currently being investigated.

Holmen increased its generation capacity for renewable energy during the year. It intends to continue to invest in new wind power, but the permitting processes are highly unpredictable. The paperboard market remains interesting.

Holmen intends to double the rate of investment in Iggesund Mill over the next few years, with the aim of increasing

paperboard production at the mill by 25%.

Holmen's management, led by CEO Henrik Sjölund and Deputy CEO Anders Jernhall, have been doing great work for many years. They have made a significant contribution to the value creation that has been achieved. I would like to thank Henrik, Anders and the rest of the staff for having navigated well in a turbulent environment.

Holmen's financial position remains strong. Given the good results, the Board of Directors proposes a raised ordinary dividend to the Annual General Meeting, as well as an extra dividend.

Hufvudstaden's operating profit from property management in 2022 was on par with the year before. Unrealized changes in the value of the real estate portfolio were SEK -209 m. (2,579), significantly reducing the annual profit. The net asset value increased, however, and at year-end amounted to SEK 201 per share (199). Demand on the office market in central Stockholm and Gothenburg was high, resulting in increased rents. Companies are increasingly realizing the importance of being able to offer their employees an attractive workplace in a central location. This provides access to a wide range of restaurants, shops, services and culture, for example, which is greatly valued by employees. The retail rental market in central Stockholm also strengthened during the year, with new peak rents recorded. Demand was slightly more cautious in Gothenburg, however.

“Knowledge and focus are important and are best achieved through the right level of diversification.”

The NK department stores were further enhanced, with the establishment of new brands and concepts. Sales recovered following the downturn that resulted from the pandemic. The NK properties in both Stockholm and Gothenburg are in the very best retail locations and have an attractive, high-quality design. I am therefore extremely confident that NK will continue to be an attractive marketplace. The NK Retail operations run by Hufvudstaden account for one-third of the sales of the department stores. Turnover increased during the year, but there is still work to be done to improve profits to an acceptable level.

The Johanna development project is under way in central Gothenburg. This involves the transformation of an entire block in the Fredstan district through both new builds and redevelopment. The project covers both offices and retail and the estimated investment is SEK 2.2 billion. Johanna is estimated for completion by the end of 2025.

Reconstruction of the fire-damaged property Vildmannen 7 in Bibliotekstan, Stockholm, will be completed in 2023. All office spaces have been leased, as well as a couple of the retail premises. Hufvudstaden has a unique property portfolio concentrated solely in the most central parts of Stockholm and Gothenburg. I am convinced that these properties will remain attractive and increase in value over time. For Lundbergs, these represent a highly valuable asset that would have been practically impossible to acquire through direct property acquisitions.

Anders Nygren has been the company's CEO for just over a year. He has brought new energy to the company and has grown into the role of CEO exceptionally well. Hufvudstaden's financial position remains strong, with a leverage ratio of 19%. The Board of Directors proposes a raised dividend to the Annual General Meeting.

Husqvarna delivered strong sales growth in 2022. This was boosted by exchange rate movements and acquisitions, while organic growth was slightly negative. Operating profit and margins fell. Price increases compensated for higher raw material and logistics costs, while lower volumes and general cost inflation had a negative impact on profits. A program was launched during the fourth quarter designed to accelerate Husqvarna's transformation in several areas, including battery products. This reduced profits but is expected to improve profits significantly the coming years. Financial net debt increased through strongly negative cash flow resulting from high inventory levels, among other things. The Board of Directors proposes an unchanged dividend to the Annual General Meeting.

At the end of 2022, Henric Andersson left his role as CEO on health grounds and sadly died in February 2023. Henric did an outstanding job in various positions at Husqvarna over many years, most recently as CEO from 2020. The company has every reason to be extremely grateful for his contribution to the company. Pavel Hajman is Acting CEO until further notice.

Industrivärden had stable development in 2022. The net asset value did fall by 10%, but stock market prices generally fell by considerably more on average. Industrivärden owns eight successful companies, which all rank among the leaders in their respective industries. The portfolio companies have skilled management teams and a strong financial position. Profitability was satisfactory

overall, despite challenging macroeconomic conditions. Holdings in several of the portfolio companies were increased in 2022 through the acquisition of shares for a total of SEK 3.2 billion, giving Industrivärden a greater share in the value creation that is achieved over time. The portfolio is sufficiently diversified to achieve a balanced risk spread. The portfolio companies are each of significant size and operate in different areas.

Industrivärden's financial position remains strong, with a net debt ratio of 5%. The active ownership of the portfolio companies is being developed over time. We have skilled Board members and owner agendas that aim to build up strong companies in the long run. CEO Helena Stjernholm and her colleagues are doing excellent work. She shows strong commitment and focus on the right issues. The Board of Directors proposes a raised dividend to the Annual General Meeting.

Indutrade's scalable business model continued to reap successes in 2022. Invoicing and profits increased strongly, both organically and through acquisitions. Order intake also remained strong. There were 16 acquisitions made during the year, with total annual sales of around SEK 1.9 billion.

The climate for acquisitions is deemed stable and a further three companies were acquired in January 2023. Indutrade has strengthened its acquisition resources in recent years, both within its business areas and at Group level. The decentralized organization is working very well and is demonstrating strong drive and expertise. The management teams are close to their businesses and their customers, increasing flexibility in operations. Cash flow from operating activities was slightly lower than the previous year because of an increase in working capital. Cash flow after investments and acquisitions was negative, increasing net debt. The financial position remains strong, however. The Board of Directors proposes a raised dividend to the Annual General Meeting. Bo Annvik has now been CEO of the company for almost six years. He has done a fantastic job and, together with all his hard-working managers and employees, has taken Indutrade to a new level. I believe the conditions are in place for continued profitable growth over the coming years.

Alleima was previously part of Sandvik, as a business area called Sandvik Materials Technology (SMT). At the end of August 2022, this was distributed to Sandvik's shareholders, listed on the Stockholm Stock Exchange and given the name Alleima. Lundbergs increased its holding to 6% in the fall. The company is a world-leading developer, producer and supplier of high value-added products in advanced stainless steels and special alloys, as well as industrial heating products. The company operates in three business areas called Tube, Kanthal and Strip. In 2022, Alleima had strong growth in terms of both order intake and revenues. Profits also increased to record levels. Free operating cash flow was positive, despite a relatively large increase in working capital. The company has no financial net debt and proposes to the Annual General Meeting that a dividend be issued.

Alleima has extensive materials expertise and a strong customer base in large parts of the world. I believe the long-term conditions are good for the continued positive development of the company. CEO Göran Björkman has many years of experience at Sandvik and is a skilled industrialist. Being a CEO in a publicly

traded environment also brings new challenges and I wish Göran every success in his important work.

Handelsbanken was able to report the best results in the bank's history in 2022. There was a strong increase in net interest income although net commission income was slightly lower as a result of declining stock markets. There was a high level of activity in Sweden and the bank continues to be the biggest player in terms of lending to companies. The savings business also achieved continued success. Costs were kept under control and fell relative to revenues. Profit doubled in the United Kingdom, while in Norway and the Netherlands the trend was stable. During the year, the bank's operations in Denmark were sold to Jyske Bank.

The bank's credit portfolio remains of good quality and credit losses are marginal. The capital position was strengthened further and the bank's credit rating is among the best in the world. The bank's Board of Directors proposes a raised dividend to the Annual General Meeting.

CEO Carina Åkerström has implemented major changes at the bank. These worked out very well and have led to increased focus. Handelsbanken has maintained its strongly decentralized culture, however. Carina is a good leader and I have great confidence in her ability to run the bank.

Sandvik experienced strong growth in 2022, in terms of both order intake and revenues. Operating profit was at record high and operating cash flow was good. In a challenging environment, Sandvik has handled pricing issues and supply chain disruptions effectively. Several innovations have also been presented and the transformation of Sandvik continued. The implementation of the new "shift to growth" strategy continued during the year and a total of eight acquisitions were announced. These large-scale acquisitions did increase financial net debt, however.

Sandvik occupies strong market positions in all three business areas. There is also a strong focus on technical innovations and development, which creates good opportunities for increased customer value. I believe Sandvik has the right conditions for continued success in the years to come.

Stefan Widing has now been the company's CEO for three years. He is highly respected and capable and has really grown into his role. The Board of Directors proposes a raised dividend to the Annual General Meeting.

Skanska is one of the world's leading construction and project development companies. Order intake and revenues both increased in 2022. The construction margin rose during the year and the order backlog was record high at year-end. Residential development sales slowed considerably, resulting in significantly lower earnings. Commercial property development continued to perform well, with several successful transactions. The rental market for offices was somewhat cautious, however.

The new Investment Properties business area acquired two properties in Malmö and one in Stockholm. These are new builds

of the highest quality and have a good leasing situation. Skanska's financial position remains strong. A company such as Skanska needs to be able to operate its business model with multiple projects and land assets on its own balance sheet. In-house project development has made a strong contribution to Skanska's earnings over many years. Construction itself has a limited margin over time but when combined with project development there are good opportunities for long-term success. In 2022, however, construction returned a pleasingly higher margin than it has for many years.

The company's CEO, Anders Danielsson, is a highly skilled expert in the industry and a down-to-earth individual with common sense and a good reputation. He leads the company exceptionally well.

Some organizational changes were made at the end of the year, designed to further strengthen the company management. Skanska's Board of Directors proposes a raised ordinary dividend to the Annual General Meeting.

Outlook

Lundbergs' business model has been developed gradually over many years. For a long time now, our investments have been concentrated entirely in significant shareholdings in publicly traded companies and in our wholly owned real estate operations. When we began investing in Industrivärden 20 years ago, we became part owner of a holding company with

many interesting companies ripe for development. As a result, a lot of our focus was on these companies. Lundbergs eventually decided to make additional equity investments in some of them directly. We have therefore gradually acquired shares in Sandvik, Handelsbanken, Skanska and most recently in Alleima. It is entirely logical and rational for us to make things simpler. Lundbergs' investments in publicly traded companies, both directly and indirectly through Industrivärden, today encompass twelve high-quality companies. I believe there is considerable development potential in all of these companies. The portfolio is sufficiently diversified and the portfolio companies are in many cases very large companies with a range of different businesses, each with significant operations. This requires us as an active owner to be properly up to speed and to have sufficient expertise. We are therefore focusing on our current portfolio companies with the aim of generating value for shareholders. Over time, we will increase our shareholdings. On the other hand, another company may come up for consideration as a new investment, but we have great respect for that.

There is currently no new production under way in our real estate operations. We are instead investing in the redevelopment of older residential properties and in the conversion and development of some commercial properties. Our leasing situation is favorable, resulting in good profit from property management and strong cash flow. Liquidity on the real estate market is

“We have been working on Board recruitment for many years and have gradually enhanced the competence and experience on the Boards of Directors.”

currently very low, with buyers and sellers too far apart. I expect the yield requirements on the real estate market to increase by a relatively large amount. The boosted capital market of recent years has led to over-speculative property prices, particularly for medium-value properties. Quality, location and good transport links will be increasingly important.

Over the next years, I am convinced that we will have the opportunity to make interesting acquisitions, but the time is not yet right. The problems on the capital market need to run their course, which basically involves replacing loan financing with equity. We will no doubt see a number of different ways of achieving this.

Lundbergs' financial position is still strong and will remain so. We will not abandon the strategy that we have had in place for decades. This means that our investments in both equities and properties will be limited to our cash flow, possibly with a marginal increase in debt.

Esteemed shareholders, our business model endures. My belief and ambition is that in the coming years we will continue to provide a competitive return to our shareholders. We will do so with limited risk and with security and stability for our shareholders.

Chair of the Board Mats Guldbrand is stepping down from the Board of Directors at the upcoming Annual General Meeting. He has been a member of the Board since 2008 and its Chair since 2009. Mats' extensive expertise and experience in commerce and the capital market have been of great benefit to Lundbergs. I offer my heartfelt thanks to Mats for everything he has done for Lundbergs and for the vital support he has given me in my role as CEO.

Finally, I would like to extend my sincere thanks to all the Boards of Directors, CEOs and other employees of our portfolio companies and of Lundbergs.

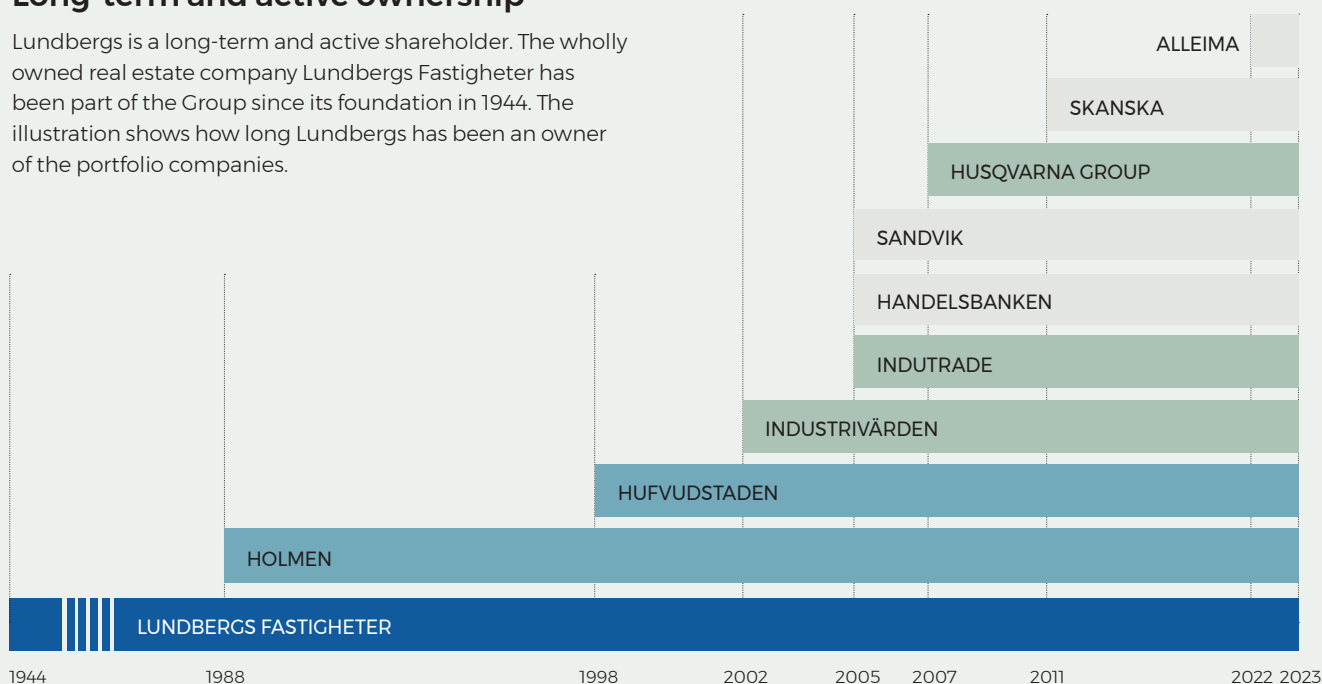
Stockholm, February 2023



Fredrik Lundberg

Long-term and active ownership

Lundbergs is a long-term and active shareholder. The wholly owned real estate company Lundbergs Fastigheter has been part of the Group since its foundation in 1944. The illustration shows how long Lundbergs has been an owner of the portfolio companies.



Lundbergs as an investment company

By being a long-term, active owner, Lundbergs manages and develops a number of portfolio companies. Clear leadership, accountability and sound, sustainable business acumen are important values that characterize Lundbergs' activities.

Responsible, long-term ownership is a key prerequisite for enabling the companies to develop and invest in sustainable and profitable operations.

Objective, business concept, strategy and value creation

Objective

Lundbergs' objective is to generate a return for shareholders that comfortably meets the market's return requirement. This is achieved through growth in dividends and net asset value.

Business concept

Lundbergs is an investment company that manages and develops a number of portfolio companies based on long-term, active ownership.

Strategy

A favorable return and value growth are to be achieved by Lundbergs

- being an active owner in its portfolio companies
- investing in accordance with clear criteria
- having a strong financial position that creates freedom of action.

Long-term, active ownership

Lundbergs invests to develop companies and values over a long period of time.

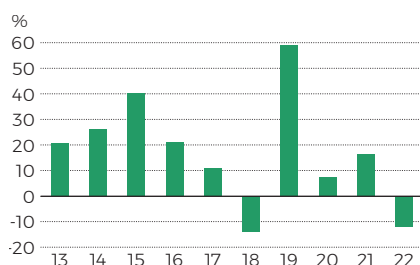
Through long-term, stable ownership, the portfolio companies and their respective management teams are provided with the opportunity to achieve strengthened market positions, increased competitiveness and sustainable value creation. In this way, Lundbergs also has the opportunity to promote sustainable development and value creation outside the borders of its own company.

Lundbergs' ownership takes its starting point in a sound understanding of its portfolio companies and the conditions under which they operate. The boards of directors of the portfolio companies play an important role in their companies' development and take decisions on overall strategies.

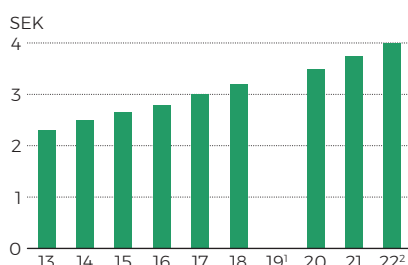
Lundbergs' active ownership is effected through genuine and committed work on the companies' boards. A board of directors that possesses broad competence has greater potential to see the big picture and, at the same time, identify material risks and opportunities. Being engaged in the nomination committees' work to appoint the companies' boards of directors is thus one of Lundbergs' priority areas for promoting sustainable value creation. Lundbergs places particular emphasis on the selection of the chair of the board in the respective companies.

Ownership is also characterized by a strong belief in the management's importance to the success of the companies and in competent leaders taking and being given responsibility. Decentralization is crucial for the companies' successful development.

TOTAL RETURN

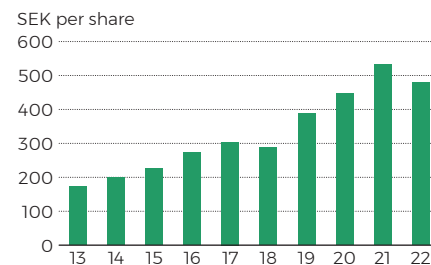


DIVIDEND PER SHARE



¹ No dividend paid.
² The Board of Directors' proposal.

NET ASSET VALUE AFTER DEFERRED TAX



Investment criteria

Investments focus on wholly owned businesses and in publicly traded Swedish companies that have solid market positions, strong and stable cash flows and their own products and brands. Lundbergs has sound knowledge of the companies and industries in which it invests. This knowledge, in combination with the organization’s collective experience and in-depth analysis, constitutes the foundation for investment decisions.

Financial freedom of action and preparedness

Lundbergs places a high priority on work to ensure it has the financial capacity to leverage opportunities and address challenges. The financial risk is minimized by combining low indebtedness with good access to funds. Lundbergs Fastigheter’s properties are leveraged to a maximum of 50% of the market value; listed shareholdings must be unleveraged. In addition to bank loans, operations are financed through corporate bonds and commercial papers.

Favorable and even growth in dividends and net asset value

Lundbergs’ mission is to generate a healthy absolute return for its shareholders. This is achieved through growth in dividends and net asset value. Over the past five years, net asset value per share, excluding dividends and after deferred tax, has grown by an average of 9.6% annually. Annual dividend growth over the same period has been 5.9%¹.

During 2022, net asset value per share after deferred tax decreased by 10.0%. The total annual return on the share has averaged 8.5% per year over the past five years and 15.6% over the past ten years. The total annual return over the past 20-year period has averaged 13.5%.

Management expenses in relation to the market value of holdings during 2022 amounted to 0.02% (0.09).

Cash flows reinvested in operations

One of the fundamental criteria for a Lundbergs investment is to be an owner in companies with strong cash flows.

During the year, Lundbergs received a total of SEK 3,545 m. in dividends from portfolio companies and funds from real estate operations, as well as sales of securities and properties. SEK 1,143 m. was invested in shares and SEK 809 m. in properties.

Organization

Lundbergs’ investment activities are performed in a small organization with many years of collective experience and solid expertise. The organization consists of some ten employees, including the personnel of the subsidiary L E Lundberg Kapitalförvaltning AB. Organizationally, the wholly owned real estate company is separated from the Parent Company and is assigned the same status as the Group’s other portfolio companies.

¹ Including proposed dividend to the 2023 AGM of SEK 4.00 per share.

A model for responsible and sustainable ownership

Lundbergs invests for the long term, based on financial strength and a solid understanding of its portfolio companies. This creates stability and freedom of action for the companies to develop and to invest in sustainable, profitable operations. Active ownership aimed at developing the companies over the long term promotes value creation for shareholders, the portfolio companies and society.



Assets and investment activities

Assets

Lundbergs' assets are concentrated to a few major holdings. On February 21, 2023, property-related holdings through the wholly owned business Lundbergs Fastigheter, as well as shares in Hufvudstaden, represented a value of SEK 34.4 billion. This corresponds to 27% of the total holdings, measured at market value. Lundbergs interest-bearing net debt has been attributed to Lundbergs Fastigheter. The shareholdings in Alleima, Handelsbanken, Holmen, Husqvarna, Industrivärden, Indutrade, Sandvik and Skanska accounted for SEK 91.8 billion, corresponding to 72%.

Investment activities

During the year, the Parent Company invested SEK 1,143 m. in publicly traded shares. Of these investments, Alleima accounted for SEK 312 m., Handelsbanken for SEK 189 m., Hufvudstaden for SEK 114 m., Industrivärden for SEK 383 m., Sandvik for SEK 93 m. and Skanska for SEK 52 m.

Lundbergs Fastigheter invested SEK 749 m. in acquisitions, new builds and refurbishment of investment properties during the year.

SHAREHOLDINGS

Percent ¹	Feb 21, 2023		Dec 31, 2022		Dec 31, 2021	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Alleima	6.1	6.1	6.1	6.1		
Handelsbanken	3.0	3.1	2.9	3.0	2.8	2.9
Holmen	34.1	62.3	34.1	62.3	34.1	62.3
Hufvudstaden	47.2	88.6	47.2	88.6	46.8	88.5
Husqvarna	7.6	25.5	7.6	25.5	7.6	25.4
Industrivärden	19.2	25.0	19.1	25.0	18.8	24.9
Indutrade	26.6	26.6	26.6	26.6	26.6	26.6
Sandvik	2.8	2.8	2.8	2.8	2.7	2.7
Skanska	5.4	13.0	5.4	13.0	5.4	13.0

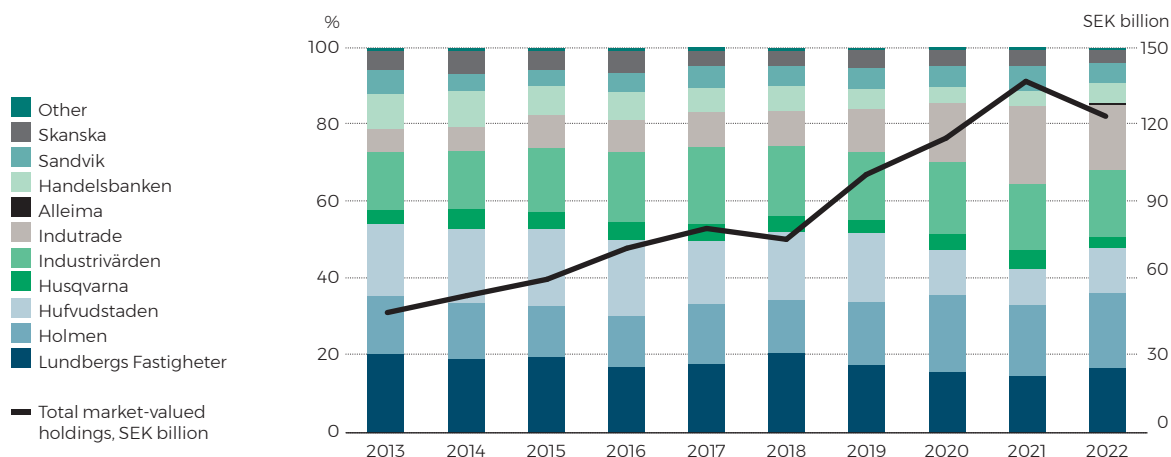
SEK m.	Feb 21, 2023		Dec 31, 2022		Dec 31, 2021	
	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³
Alleima	829	505	591	505		
Handelsbanken	6,486	4,591	6,096	4,384	5,480	4,195
Holmen	23,610	3,828	23,201	3,828	24,440	3,828
Hufvudstaden	14,388	3,098	14,282	3,098	12,899	2,984
Husqvarna	3,934	2,021	3,199	2,021	6,281	2,021
Industrivärden	23,494	13,582	20,907	13,439	23,305	13,055
Indutrade	21,692	2,510	20,443	2,510	26,844	2,510
Sandvik	7,380	3,516	6,500	3,516	8,588	3,616
Skanska	4,384	2,961	3,793	2,961	5,313	2,909
Other securities	940	653	855	636	1,007	665
Total	107,138	37,265	99,866	36,897	114,158	35,782

¹ The proportion of shareholding is calculated after a deduction for treasury shares.

² Publicly traded assets have been entered at the current market price. The market value of the Series C Hufvudstaden shares has been calculated based on a 10% premium on the price of publicly traded Series A shares and the market value of the Series A Skanska shares has been calculated based on a 10% premium on the price of publicly traded Series B shares.

³ Acquisition value for accounting purposes, where applicable, after impairment losses and write-ups resulting from shareholdings having switched to being recognized as associated companies. During the year SEK 193 m. has been transferred from Sandvik to Alleima due to Sandvik's dividend of shares in Alleima.

ALLOCATION OF HOLDINGS, DECEMBER 31 OF RESPECTIVE YEAR



Net asset value

On December 31, 2022, net asset value after deferred tax amounted to SEK 119,018 m. (132,276), corresponding to SEK 480 per share (533).

On February 21, 2023, estimated net asset value after deferred tax amounted

to SEK 125,739 m. corresponding to SEK 507 per share. Lundbergs Fastigheter's net asset value was measured at December 31, 2022, with additions for investments carried out in 2023. Net asset value includes investment properties at a value

of SEK 28.8 billion. The interest-bearing net debt of the Parent Company and the wholly owned subsidiaries has been attributed in its entirety to Lundbergs Fastigheter.

COMPOSITION OF NET ASSET VALUE

	December 31, 2022						December 31, 2021		
	Number of shares	Shareholding, %		Net asset value			Net asset value		
		Share capital	Voting rights	SEK m.	SEK per share	Share of value, %	SEK m.	SEK per share	Share of value, %
Alleima	15,381,915	6.1	6.1	591	2	0			
Handelsbanken A	58,000,000	2.9	3.0	6,096	25	5	5,480	22	5
Holmen A	33,244,000			14,095	57		14,877	60	
Holmen B	22,000,000	34.1	62.3	9,106	37	19	9,563	39	18
Hufvudstaden A	87,311,335			12,948	52		11,683	47	
Hufvudstaden C	8,177,680	47.2	88.6	1,334	5	12	1,216	5	10
Husqvarna A	39,400,000			2,896	12		5,681	23	
Husqvarna B	4,142,012	7.6	25.5	303	1	3	600	2	5
Industrivärden A	68,000,000			17,238	70		19,611	79	
Industrivärden C	14,500,000	19.1	25.0	3,669	15	17	3,693	15	17
Indutrade	96,840,000	26.6	26.6	20,443	82	17	26,844	108	20
Sandvik	34,500,000	2.8	2.8	6,500	26	5	8,588	35	6
Skanska A	6,032,000			1,095	4		1,554	6	
Skanska B	16,350,000	5.4	13.0	2,698	11	3	3,759	15	4
Other securities				855	3	1	1,007	4	1
Portfolio				99,866	403	83	114,158	460	85
Lundbergs Fastigheter									
Value of properties				28,767			28,468		
Interest-bearing net debt ¹				-6,785			-7,062		
Other net, including deferred tax ²				-1,681			-1,719		
Lundbergs Fastigheter				20,301	82	17	19,688	79	15
Total market-valued holdings				120,167	485	100	133,846	540	100
Other net, including deferred tax ²				-1,149	-5		-1,570	-6	
Net asset value after deferred tax				119,018	480		132,276	533	
Market value				110,137	444		125,984	508	
Price/NAV, %					93			95	

Publicly traded assets have been entered at the current market price. The market value of the Series C Hufvudstaden shares has been calculated based on a 10% premium on the price of publicly traded Series A shares and the market value of the Series A Skanska shares has been calculated based on a 10% premium on the price of publicly traded Series B shares. The proportion of shareholdings is calculated after a deduction of treasury shares.

¹ The interest-bearing net debt of the Parent Company and its wholly owned subsidiaries has been attributed in its entirety to Lundbergs Fastigheter, which thereby has net indebtedness of 24% (25) of the market value of the properties.

² Other assets, provisions and liabilities have been entered at carrying amounts. Deferred tax on the difference between estimated market value and the tax-assessment value of the properties has been estimated at a standard rate of 5%. In accordance with current legislation, no tax is charged for business-related participations.

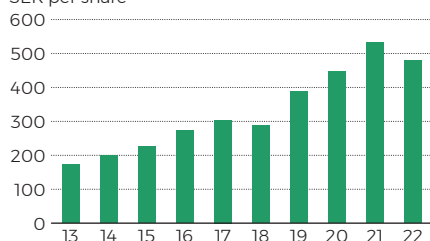
KEY FIGURES

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net asset value, SEK m.	119,018	132,276	110,687	96,320	71,373	75,364	67,675	55,865	49,408	42,771
Net asset value/share, SEK	480	533	446	388	288	304	273	225	199	172
Change in net asset value, %	-10	20	15	35	-5	11	21	13	15	14

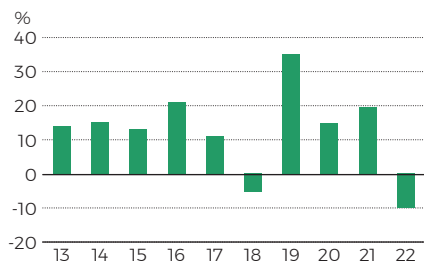
Net asset value, cash flow and financial position presented in this spread pertain to the Parent Company and wholly owned subsidiaries. Other alternative performance measures and other key figures are presented on page 20.

NET ASSET VALUE AFTER DEFERRED TAX

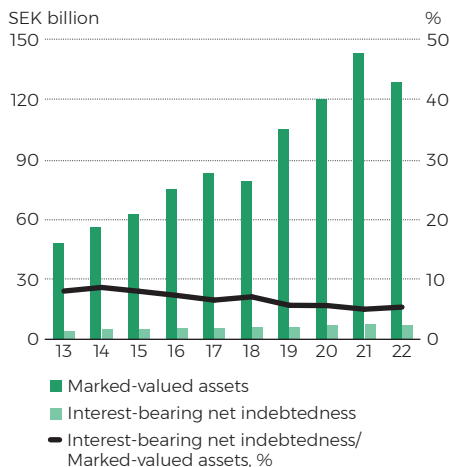
SEK per share



CHANGE IN NET ASSET VALUE



FINANCIAL POSITION



Cash flow

During 2022, dividends totaling SEK 2,476 m. (2,415) were received. Funds from L E Lundberg Kapitalförvaltning AB amounted to SEK 13 m. (neg: 60). Funds received from real estate operations totaled SEK 1,056 m. (1,157), of which divestments accounted for SEK 99 m. (257). Accordingly, total funds received amounted to SEK 3,545 m. (3,512).

During the year, SEK 1,143 m. (2,088) was invested in shares and SEK 809 m. (790) in properties. Dividends paid by Lundbergs amounted to SEK 930 m. Interest-bearing assets decreased by SEK 119 m. and interest-bearing liabilities decreased by SEK 396 m. Accordingly, interest-bearing net debt decreased by SEK 277 m. to SEK 6,785 m. (7,062) at December 31, 2022.

SEK m	2022	2021	2020	2019	2018
Dividends					
Handelsbanken	290	230		253	323
Holmen	635	594	193	373	359
Hufvudstaden	246	236	364	345	327
Husqvarna	131	105	98	98	98
Industrivärden	547	640		412	394
Indutrade	223	174		145	119
Sandvik	162	205		128	105
Skanska	221	210	69	120	166
Other	23	22	9	16	17
	2,476	2,415	733	1,891	1,907
L E Lundberg Kapitalförvaltning AB	13	-60	-153	110	-40
Real estate operations	957	900	875	794	735
Sales, real estate operations	99	257	148	41	118
Total assets contributed	3,545	3,512	1,604	2,836	2,719
Investments, equity management					
Alleima	312				
Handelsbanken	189	85	410	364	403
Hufvudstaden	114	153			
Husqvarna				15	
Industrivärden	383	858	583	648	
Indutrade					147
Sandvik	93	887			
Skanska	52	104	297		407
	1,143	2,088	1,289	1,026	957
Investments, real estate operations	809	790	748	1,174	1,017
Own dividends	930	868		794	744
Corporate overheads	33	32	36	31	30
Taxes paid	181	142	81	197	136
Financial items	78	138	73	91	93
Others	-55	30	-18	30	18
Total assets used	3,120	4,088	2,209	3,342	2,995
Change in net debt	425	-575	-605	-506	-275
Closing net debt	-7,474	-7,900	-7,325	-6,719	-6,214
of which, interest-bearing	-6,785	-7,062	-6,663	-5,906	-5,562

The Lundberg share

Series B Lundbergs shares are listed on Nasdaq OMX Nordic, Large Cap. On average, 135,035 Series B shares were traded per trading day in 2022. Share turnover totaled 34.2 million Series B shares, corresponding to 22% of the total number of Series B shares. The lowest price paid for the share in 2022 was SEK 392.80 and the highest was SEK 516.00.

Market capitalization

Market capitalization at year-end was SEK 110,137 m. (125,984). The share price decreased 13% during the year.

Ownership structure

The share capital of L E Lundbergföretagen AB (publ) amounted to SEK 2,480 m. at year-end. On December 31, 2022, the

total number of shares was 248 million, each with a quotient value of SEK 10. The shares are divided into 96 million Series A shares, carrying ten votes per share and 152 million Series B shares, carrying one vote per share. The number of shareholders in Lundbergs totals approximately 58,200 (53,900). Of the total shareholders, some 56,800 (52,200) are registered in a nominee's name and about 1,400 (1,700) in the owner's own name. Foreign ownership accounts for 8.3% (8.6) of the share capital.

Repurchase of own shares

The Board of Directors has been authorized to purchase Lundbergs shares. For more detailed information, see page 53.

Return

Total return, meaning the share's return including reinvested dividend, for the Lundberg share in 2022 amounted to -11.9%, while the SIXRX return index decreased 22.8%. The average annual total return has been 15.6% over the past 10 years and 13.5% over the past 20 years. The corresponding performance of the SIXRX return index was 12.1% and 12.3%, respectively.

Proposed dividend

The Board of Directors proposes a dividend of SEK 4.00 per share, corresponding to SEK 992 m. The average annual dividend growth has been 6.4% over the past 10 years.

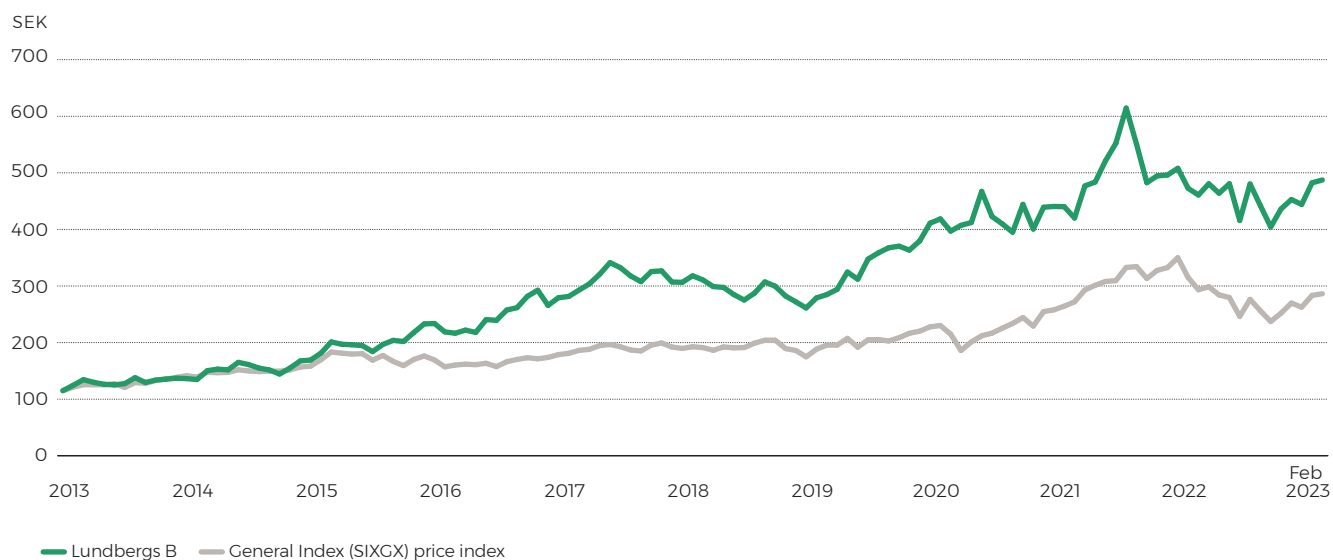
THE LARGEST SHAREHOLDERS

	Feb 2023 Holdings as % of		Feb 2022 Holdings as % of	
	share capital	voting rights	share capital	voting rights
Fredrik Lundberg including companies and spouse	40.8	70.6	40.8	70.6
Louise Lindh including family	14.8	11.4	14.8	11.4
Katarina Martinson including family	14.8	11.4	14.8	11.4
Spiltan Funds	2.7	0.6	2.6	0.6
Alecta Pension Funds	1.9	0.4	2.2	0.5
SEB Funds and Trygg Liv	0.8	0.2	1.2	0.3
Handelsbanken Funds	0.5	0.1	0.7	0.2
Försäkringsbolaget Avanza pension	0.5	0.1	0.5	0.1
Pensionskassan SHB Försäkringsförening	0.4	0.1	0.4	0.1
First AP fund	0.4	0.1	0.3	0.1
Other	22.5	5.0	21.8	4.8
Total	100.0	100.0	100.0	100.0
Swedish shareholders	91.7	98.2	91.4	98.1
Foreign shareholders	8.3	1.8	8.6	1.9
Total	100.0	100.0	100.0	100.0

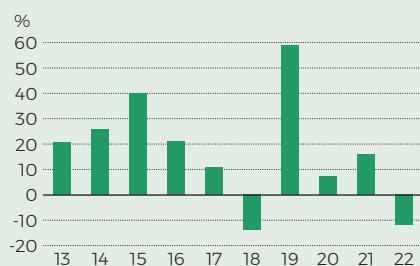
SHARE DISTRIBUTION, FEBRUARY 2023

No. of shares	No. of shareholders	As % of all shareholders
1 - 500	51,219	88.0
501 - 2,000	4,870	8.4
2,001 - 5,000	1,150	2.0
5,001 - 20,000	678	1.2
20,001 - 50,000	127	0.2
50,001 -	148	0.3
Total	58,192	100.0

SHARE PRICE PERFORMANCE

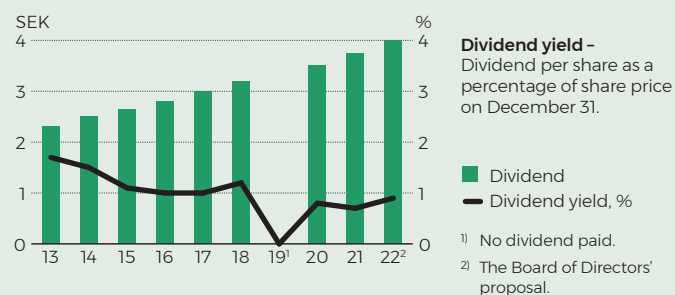


TOTAL RETURN



Total return –
The share's return
including reinvested
dividend.

DIVIDEND AND DIVIDEND YIELD



KEY FIGURES

	2022	2021	2020	2019 ¹	2018	2017	2016	2015	2014	2013
Dividend per share, SEK	4.00 ²	3.75	3.50	0.00	3.20	3.00	2.80	2.65	2.50	2.30
Growth in dividend, %	6.7	7.1	-	-	6.7	7.1	5.7	6.0	8.7	7.0
Dividend yield, %	0.9	0.7	0.8	-	1.2	1.0	1.0	1.1	1.5	1.7
Total return, %	-11.9	16.1	7.2	59.0	-13.9	10.8	20.9	40.0	25.9	20.7
Stock market price, Dec 31, SEK	444.10	508.00	440.60	411.00	261.20	306.50	279.25	233.70	169.10	136.35

¹) Considering the uncertainty surrounding the COVID-19 pandemic and that only limited dividends were received from portfolio companies, no dividend was paid 2020.

²) The Board of Directors' proposal.

Key figures

KEY FIGURES FOR THE GROUP

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net asset value after deferred tax, SEK billion ¹	119.0	132.3	110.7	96.3	71.4	75.4	67.7	55.9	49.4	42.8
Net asset value per share after deferred tax, SEK ¹	480	533	446	388	288	304	273	225	199	172
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	402	402	344	327	259	252	230	194	177	160
Net sales etc, SEK m.	29,193	24,832	19,887	21,655	20,219	20,404	19,357	20,347	19,952	20,076
Profit after financial items, SEK m. excluding impairment losses and unrealized changes in value, SEK m.	7,679	17,134	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433
Profit after tax, SEK m.	5,773	14,924	4,108	19,535	7,483	9,467	15,457	6,652	4,900	4,514
of which, non-controlling interests, SEK m.	4,259	3,556	517	7,607	3,893	2,785	3,215	2,276	1,707	1,506
Earnings per share attributable to the Parent Company's shareholders, SEK	6.10	45.84	14.48	48.09	14.48	26.94	49.36	17.65	12.88	12.13
Dividend per share, SEK	4.00 ²	3.75	3.50	0.00	3.20	3.00	2.80	2.65	2.50	2.30
Debt/equity ratio, multiple	0.12	0.14	0.15	0.14	0.15	0.16	0.18	0.21	0.24	0.25
Equity/assets ratio, %	73	73	72	72	71	71	69	67	65	65

¹ Refer to page 16.

² The Board of Directors' proposal.

ADJUSTED PROFIT AFTER FINANCIAL ITEMS

SEK m.	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Profit after financial items	7,679	17,134	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433
Impairment losses of publicly traded shares and associated company shares									-294	-660
Impairment losses	87			109	25		122	555	450	86
Changes in value of investment properties and derivatives	626	-4,604	2,212	-4,079	-4,446	-4,083	-5,693	-4,782	-2,047	-1,671
Changes in value of biological assets	-509	-464	-579	-9,566	-425	-415	-315	-267	-282	-264
Other changes in value	104	-154	-46	-38	61	-26	-23	19	-39	-23
Total	7,988	11,912	6,058	9,760	3,445	6,712	11,511	3,783	3,752	2,901

NET INTEREST-BEARING DEBT

SEK m.	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Long-term liabilities	14,265	17,806	17,123	13,218	10,133	8,533	8,499	10,933	10,637	10,534
Long-term liabilities, right-of-use assets	840	855	856	907						
Pension obligations	145	204	224	210	194	162	313	234	501	327
Current financial liabilities	5,796	3,593	3,164	5,936	6,405	6,515	7,939	5,069	5,956	5,474
Current liabilities, right-of-use assets	98	80	121	54						
Long-term financial receivables	-122	-292	-313	-474	-486	-55	-51	-53	-49	-72
Current financial receivables	-21	-39	-44	-15	-36	-34	-89	-61	-23	-27
Cash and cash equivalents	-2,790	-2,211	-1,608	-2,628	-1,466	-880	-1,491	-818	-888	-1,000
Total	18,210	19,995	19,522	17,208	14,743	14,240	15,120	15,303	16,134	15,238

Alternative performance measures

For the purpose of illustrating the Group's financial position and development, Lundbergs uses performance measures as a complement to metrics defined under IFRS.

Some of the calculations to enable the tracking of key ratios used in the Group are presented above. Also refer to definitions on page 57 for more information. Alternative performance measures are not to be viewed as substitutes for financial metrics

defined in accordance with IFRS regulations, but as a complement. They need not be comparable with performance measures with the same name presented by other companies.

Ten-year overview



2022

Alleima became a new portfolio holding due to Sandvik's distribution of the company to the shareholders. Shares in Alleima, Handelsbanken, Hufvudstaden, Industrivärden, Sandvik and Skanska were acquired for a total of SEK 1,143 m. SEK 809 m. was invested in Lundbergs Fastigheter.

2021

Shares in Handelsbanken, Hufvudstaden, Industrivärden, Sandvik and Skanska were acquired for a total of SEK 2,088 m. SEK 790 m. was invested in Lundbergs Fastigheter. The LINK Business Center project in Linköping was completed.

2020

Shares in Handelsbanken, Industrivärden and Skanska were acquired for a total of SEK 1,289 m. SEK 748 m. was invested in Lundbergs Fastigheter. The Elitsegglaren residential project in Linköping was completed.

2019

Shares in Handelsbanken, Husqvarna and Industrivärden were acquired for a total of SEK 1,026 m. SEK 1,174 m. was invested in Lundbergs Fastigheter. The Kvarnbacken residential project in Norrköping was completed. Lundbergs celebrates 75 years.

2018

Shares in Handelsbanken, Indutrade and Skanska totaling SEK 957 m. were acquired. Construction of new rental units continues in Lundbergs Fastigheter.

2017

Shares in Handelsbanken and Industrivärden totaling SEK 785 m. were acquired. New construction of rental units at a total value of about SEK 1.6 billion is under way in Lundbergs Fastigheter.

2016

Continued acquisitions of shares in Industrivärden, Handelsbanken, Indutrade and Skanska. In total, some SEK 2.1 billion was invested in shares and just over SEK 600 m. in properties. The real estate holdings in Katrineholm and Uppsala were divested at a total value of SEK 911 m.

2015

Shares in Industrivärden were acquired for SEK 1.0 billion.

2014

Shares in Husqvarna, Industrivärden, Indutrade and Skanska were acquired for about SEK 1.0 billion. SEK 1.1 billion was invested in properties, a historically high level for the company.

2013

Additional acquisitions of Indutrade shares make Lundbergs the principal owner in the company.

Sustainable value creation

A great deal has changed since Lundbergs was founded as a construction company in 1944 but today's investment company is still characterized by the same fundamental values.

Creating value over time requires a comprehensive approach to sustainability. Long-term responsibility, sound business sense and a stable financial position are equally important guiding stars today as when Lars Erik Lundberg founded the company in 1944.

Lundbergs' Sustainability Report encompasses the operations of the Parent Company L E Lundbergföretagen AB and subsidiaries. The performance of other publicly traded portfolio companies is not consolidated in the sustainability report.

The section *Wholly owned operations* below comprises the operations of the Parent Company and its wholly owned companies. The purpose of Lundbergs' consolidated sustainability work and the overriding principles guiding the activities that are implemented are described in this section, as are the results of the work.

Long-term perspective

Lundbergs began as a construction business, and developed into a real estate owner with its own real estate portfolio. Since the purpose was to own, manage and develop real estate over the long term, it was natural right from the start to place great emphasis on sustainability. Creating attractive residential environments in resource-efficient properties made with durable materials at a reasonable cost laid the foundation for long-term value creation.

Today's Lundbergs has evolved into an investment company which, in addition to wholly owned real estate operations, has major holdings in nine publicly listed companies. The long-term perspective continues to be a guiding principle in the company's investment operations. Through active ownership, Lundbergs wants to contribute to create the conditions for long-term sustainable value generation in the portfolio companies.

Responsible ownership

Sustainable business is about using resources more efficiently, paying attention to social and environmental issues and developing profitability. A prerequisite for a long-term competitive return is the efficient management of sustainability risks and the ability to develop and capitalize on opportunities that arise

when conditions change. Lundbergs believes that long-term profitability and sustainability are closely connected.

Lundbergs invests in companies and operations in areas where it has expertise and, as a long-term owner, it accepts a clear responsibility. Investments focus on companies that have solid market positions, strong and stable cash flows as well as their own products and brands.

Through active ownership, financial strength and access to funds, stability and freedom of action are created for the companies to develop and invest in innovations, products and services that generate sustainable and profitable operations. In this way, Lundbergs takes its societal responsibility through sound values and stable finances.

Direct and indirect sustainability impacts

Lundbergs comprises of wholly owned companies and shareholdings in publicly listed companies. These two types of ownership form the foundation for managing sustainability issues.

In the wholly owned companies, Lundbergs has direct influence over sustainability issues in terms of strategies, operational implementation and reporting. Lundbergs influences its publicly listed portfolio companies through its active ownership. The management and responsibility for sustainability strategies, implementation and reporting lay with the boards of directors and management teams of the respective companies. Accordingly, Lundbergs' sustainability impact occurs indirectly through its work on the boards of directors of the publicly listed companies.



About the sustainability report

Lundbergs' annual Sustainability Report satisfies the requirements of the Swedish Annual Accounts Act for statutory sustainability reporting and the expectations of sustainability information requested by stakeholders, such as shareholders, investors, analysts, employees and customers. The report covers the 2022 calendar year. The most recent sustainability report was published in March 2022. Also see Notes 39 and 40, pages 87-91, for further sustainability information.

The sustainability perspective is an important and integrated part of Lundbergs' business model, in which a long-term approach and sustainability are interdependent. The purpose of this committed and active ownership is to create long-term value and growth.

Significant sustainability issues

To develop the portfolio companies and their values over time, it is important for Lundbergs to understand how the business climate develops and changes. Global trends such as globalization, urbanization and digitalization, as well as opportunities and risks that result from climate change are all features of the continuous business intelligence analysis under way in the company.

The most material and business-critical sustainability issues for Lundbergs have been identified on the basis of a risk and opportunity perspective through business intelligence, industry analysis, sustainability analysis in the value chain and discussions in Lundbergs' management. The issues are dealt with in regular risk-management and organizational-development processes.

The portfolio companies differ in type and span varying operations and geographic areas. The sustainability challenges are complex and each company needs to analyze the sustainability of its operations. The operation-critical sustainability topics listed below have been deemed as the most relevant for Lundbergs' key stakeholders:

- Shareholder value
- Financial stability
- Long-term and sustainable business models that contribute to long-term and sustainable profitability
- Responsible governance by encouraging the utilization of sustainability-related business opportunities and managing sustainability risks
- Climate and gender equality work conducted on the basis of distinct goals within a specific time frame
- Responsible investments through active ownership and stakeholder dialogs
- Responsible employer

For the wholly owned operations' material sustainability topics, see below under *Wholly owned operations*.

Sustainability-related risks

For Lundbergs Fastigheter, see below under *Wholly owned operations*. For more comprehensive descriptions than below of Holmen's and Hufvudstaden's sustainability-related risks, refer to the separate Annual Reports of these two companies.

Holmen

Holmen is well positioned for the ongoing and necessary climate transition by providing its customers with fossil-free products and renewable energy at the same time as the growing standing timber acts as a carbon sink. There is a risk that

increasingly demanding permit processes will impede the development of the industry and the production of renewable energy. There is also a risk that the political decisions taken could affect how the forest can be utilized.

Hufvudstaden

Hufvudstaden's risks are mainly found within its project operations, particularly in respect of labor conditions and unfair competition.

There are also risks at the supplier level within the NK business area, since fashion is an industry facing a number of sustainability risks.

There are also risks concerning negative environmental impact, since the property sector accounts for a large share of society's energy consumption and emissions.

Hufvudstaden continuously assesses the real estate portfolio to take into account the effects of climate change. The climate-related risks encompass transition risks and physical risks.

Objectives

Climate change is one of our time's most important issues and the business community has a major responsibility to optimize the use of resources. Lundbergs encourages the portfolio companies to achieve company-specific targets that are aligned with the objectives of the Paris Agreement. The company is of the opinion that this is a prerequisite for continued competitiveness, regardless of industry affinity. Accordingly, Lundbergs has itself adopted the target of having climate-neutral operations in its wholly owned operations by 2030. This serves as both inspiration and support for other companies in their own decisions.

Lundbergs, like all of its portfolio companies, works actively to contribute to its parts of the 17 UN Sustainable Development Goals (SDGs). With regard to the consequences of climate change, Lundbergs monitors the development of external requirements, for example, from the EU's Sustainable Finance Action plan, and voluntary reporting requirements in the form of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) as well as implementation of the Paris Agreement to combat climate change.

Managing sustainability work

Through dedicated ownership and good knowledge of the individual companies' business conditions, Lundbergs influences the publicly listed companies primarily through its work on their boards of directors and nomination committees. Our representatives on the companies' boards of directors must act on the basis of Lundbergs' principles and be a clear imposer of demands on the companies concerning their sustainability efforts. A good ability to manage risks and opportunities related to the environment, social responsibility and business ethics contributes to the companies' success.

The long-term ownership that Lundbergs represents provides its portfolio companies with the opportunity to focus on innovation and further development, and to build sustainably strong market positions and improved competitiveness. Decisions and responsibility for sustainability strategies, their implementation and reporting though rest with the boards of directors and management teams of the respective companies. As an active owner, we support our portfolio companies in their development toward more sustainable operations.

In all of our operations, we believe in an open business climate where high morals and business ethics serve as our lodestars. Sustainability work is conducted within the framework of Lundbergs' model for active ownership.

The starting point for the work is Lundbergs' Code of Conduct. Through the respective boards of directors, Lundbergs works to ensure that the spirit of the Code permeates the operations of all the portfolio companies.

The Code of Conduct means that representatives of Lundbergs are expected to:

- Act in line with the relevant legal requirements where the company operates
- Act in line with the UN Global Compact by complying with applicable laws, regulations and international guidelines and policies governing the environment, anti-corruption, labor law and human rights
- Undertake investments by taking into account their long-term economic, social and environmental impact
- Have relations that are characterized by high business ethics
- Have workplaces that are characterized by openness, responsiveness and mutual respect and that distance themselves from any form of discrimination
- Strive for openness, clarity and reliability in external communications

The Code of Conduct is based on the ten international principles of the UN Global Compact on human rights, labor rights, environmental considerations and anticorruption. Lundbergs adopted the UN Global Compact in 2016 and has supported it since then, thereby committing itself to realizing and integrating these principles in its operations.

Lundbergs aims to contribute toward the SDGs that are most closely related to its business operations and are most material to the company.

The following SDGs have been identified as the most material for both Lundbergs' investing activities and its property company:

- Goal 3: Good health and well-being
- Goal 5: Gender equality
- Goal 7: Affordable and clean energy
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 13: Climate action



Policies and governing documents

Lundbergs applies a number of policies and governing documents, in addition to the Code of Conduct, to support both managers and employees and to ensure compliance with the UN Global Compact and its principles regarding human rights, labor conditions, environment and anticorruption.

The policies are included in the introduction of new employees and are available on the company's intranet. Education in the policies is provided continuously to the entire real estate company in the form of education programs. In recent years, the company has also provided education in digital security and GDPR to the workforce. Lundbergs protects its stakeholders' integrity and manages information in a responsible manner. Lundbergs has well-developed anti-corruption work. The Code of Conduct, the Code of Conduct for Suppliers and careful procurement procedures contribute to the reduction of corruption risk.

A whistleblower function has been established to make it easier for anyone who wants to provide information about irregularities that contravene prevailing legislation, ethics, moral codes or Lundbergs' policies. The function enables employees, customers, suppliers and business partners to provide information and simultaneously be guaranteed anonymity. All reports are received and investigated by an external party. No reports were received in 2022.

Sustainability-related policies and governing documents

- Alcohol and drug policy
- Business ethics policy
- Discrimination policy
- Diversity policy
- Ethical guidelines
- Gender equality plan
- Information policy
- Insider policy
- IT policy
- Whistleblower function

Key stakeholders

Main stakeholders publicly traded operations:

- Shareholders
- Employees in the Parent Company and portfolio companies
- Board members and management groups in the portfolio companies
- Creditors, investors and financial market
- Society

For key stakeholders in the wholly owned operations, see below under *Wholly owned operations*.



EU's taxonomy

The EU has introduced a taxonomy with the aim of making it easier for investors and companies to identify and compare investments from an environmental sustainability perspective by having companies assess their activities against the Regulation's screening criteria.

For 2022, the proportion of net sales, investments and operating expenses that are covered (taxonomy-eligible) is reported, along with whether or not these are sustainable (taxonomy-aligned).

For the Group, the assessment is that the real estate operations are taxonomy-eligible, principally through the acquisition and ownership of buildings, the renovation of existing buildings and the construction of new buildings. At Holmen, this concerns forest management, electricity generation from wind power, electricity generation from hydropower and electricity generation from bio-energy, which are also adjudged to be taxonomy-eligible. More detailed information about the Group's taxonomy-related reporting can be found in Note 40 on page 88.

The table below shows the Group's taxonomy compliance for 2022.

Taxonomy assessment 2022

	Total (SEK m.)	Aligned (%)	Non-aligned (%)	Non-Eligible (%)
Group				
Net sales/revenues	30,385	13	9	79
Investments	3,715	35	36	29
Operating expenses	1,699	22	12	66
Lundbergs				
Net sales	1,736	43	51	6
Investments	774	41	56	3
Operating expenses	234	37	63	0
Holmen				
Net sales/revenues	25,903	11	-	89
Investments	1,923	47	-	53
Operating expenses	1,386	20	-	80
Hufvudstaden				
Net sales	2,746	10	62	28
Investments	1,018	6	89	5
Operating expenses	80	11	67	22

Definition of taxonomy-eligible

Net sales/revenues Net sales that derive from products and services that are associated with one or several of the taxonomy's financial operations.

Investments Capital expenditures that are associated with one or several of the taxonomy's financial operations.

Operating expenses Operating expenses that are associated with one or several of the taxonomy's financial operations.

Wholly owned operations

Since L E Lundbergföretagen AB's investment organization consists of around ten employees and has no manufacturing operations, the impact on the environment and the wider world is limited. The direct impacts on the environment and the external world occur primarily through the wholly owned operation Lundbergs Fastigheter.

Almost 100,000 people are in some way affected by the company's real estate operations each day. This includes people who live in its apartments, work in its offices and visit its retail properties.

Direct sustainability impact

Lundbergs' real estate operations play an important role in the daily lives of people, and we have built, managed and developed urban environments over 75 years. The combination of offices, residential, retail and meeting places is important for creating attractive urban environments. Lundbergs' direct contribution to the creation of a sustainable society is based on commitment, participation and interaction around urban development.

Significant sustainability issues

On the basis of implemented materiality and stakeholder analyses, the following operation-critical sustainability topics have been deemed as the most relevant for Lundbergs' key stakeholders:

- Shareholder value
- Responsible governance by capitalizing on sustainability-related business opportunities and managing sustainability risks
- A sustainable business with reduced environmental and climate impact throughout the value chain
- Satisfied customers and commitment in the market areas served by Lundbergs Fastigheter
- Our customers' perceived security
- Committed and development-oriented employees
- Developed anti-corruption work

Key stakeholders

- Customers and their stakeholders
- Shareholders
- Employees
- Suppliers
- Creditors

Sustainability-related risks

Lundbergs' greatest sustainability risks are related to its real estate business's operations and the purchasing process within property management. These risks mainly involve the environment and working environment, but they can also occur in the areas of working conditions and corruption. Although Lundbergs has not identified any risks in its operations related to human rights, such risks may exist in its supply chain. Lundbergs Fastigheter has a central safety committee and every place of work has a safety officer. Safety inspections are implemented and documented, and any shortcomings are rectified.

Sustainability work

Lundbergs Fastigheter's long-term vision is to be the leading developer of sustainable urban environments where people, companies and organizations can develop in cooperation. Through commitment, inquisitiveness, openness and by taking responsibility, the real estate company wants to take the lead in the development of attractive and sustainable urban environments. Long-term profitability is a fundamental requirement for being able to implement the company's strategies and achieve its goals. Another requirement for sustainable development is balanced economic growth and profitability that takes into account people and the environment.

With its stable financial position, Lundbergs is a reliable business partner for both customers and suppliers. Tenants feel secure with a property owner that honors its contracts and has the ability to invest in its properties.

Environment and climate impact

Lundbergs protects the environment, both its immediate surroundings and from a systems perspective. The aim is to take care of the assets the company possesses and to look after its properties and the areas around them – to create sustainable urban development. The company also wants to take part in the development of future sustainable solutions and aims to be at the cutting edge when it comes to developing new products and services.

The climate crisis is the most important large-scale issue of our time and Lundbergs Fastigheter, like other parts of society, needs to swiftly adapt its operations to minimize its climate impact. Lundbergs Fastigheter has already ratified the construction and civil engineering sector's roadmap for fossil-free competitiveness. Due to the company's responsibility as a large-scale

client and its major impact on the surroundings, however, it has raised its level of ambition. Lundbergs carries out regular measurements of all of the operations' emissions connected to Scope 1, 2 and 3; i.e. emissions throughout the value chain. The objective is that the operations will be climate neutral throughout the value chain by 2030.

GREENHOUSE GAS EMISSIONS, TONS CO₂e

Lundbergs	2022	2021
Scope 1	51	41
Scope 2	5,769	6,363
Scope 3	16,283	22,567
Total emissions	22,104	28,971
<i>of which, new builds</i>	-	5,050

The roadmap to climate neutrality by 2030 includes a multitude of various projects and transitional measures. In the near future, for example, there are projects whereby building materials of a lower quality will be replaced by more sustainable alternatives. Longer term, there are more structural challenges involving methods and processes to facilitate, for example, the possibility for the efficient reuse of materials. These are issues that Lundbergs Fastigheter cannot resolve by itself, but where the company can be a driving force for change.

Lundbergs Fastigheter has broken down its overriding objective into three distinct directions:

1. Reduce emissions connected to construction projects
2. Reduce energy consumption
3. Influence the customers' own sustainability activities



The most important tool we have in this transition is that our every decision is based on a high level of awareness. We endeavor to create tangible climate benefits by changing the way we build and the material we build with. To be able to relatively quickly evaluate a building method or a material is of vital importance to creating the fastest possible change. Examples of small changes that generate major climate benefits are using updated building materials in tenant-specific modifications and reuse projects.

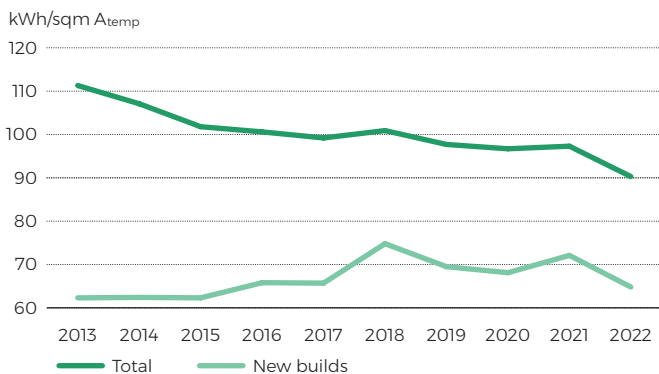
Energy use

The business shall be conducted with the least possible negative environmental impact. In close dialogue with energy suppliers, the aim is to increase the proportion of renewable or recycled energy used in the company’s properties. Lundbergs only sources electricity generated from wind energy.

Long-term energy efficiency investments are a key feature of its sustainability work. By continuously seeking improvements in construction techniques and installing increasingly modern technology, the proactive work to improve the quality of its properties and reduce energy consumption continues. This work was further intensified in 2022 as a result of the energy crisis. We are proud to report that we are at the forefront in this area.

Lundbergs continues to invest in solar cells on the roofs of our properties, which combines climate benefits with favorable profitability. At the end of 2022, the company had installations with a total capacity of 1,000 MWh, corresponding to household consumption of electricity for slightly more than 400 housing units.

ENERGY USE IN LUNDBERGS FASTIGHETER



Atemp = space heated to above ten degrees Celsius

Resources and waste

A major environmental impact is the resources required to build and renovate properties, as well as the waste generated by construction operations.

One clear way of reducing the lifecycle carbon footprint of a building is to create offices and residential that suit as many different users as possible. This reduces the need to remodel or renovate commercial premises and homes when a new tenant moves in and promotes buildings with long useful lifespans. One way of systematizing construction and reducing tenant-specific modifications over time has been to create a uniform office standard in which every product is assessed on the basis of its climate impact. This is a high-quality office concept with good basic functions that can be adapted to specific requirements.

The real estate operations continuously strive to reuse and recycle materials as much as possible when refurbishing. The volume of reused material in our refurbishments increased during the year, in particular in relation to tenant-specific modifications to offices. The company sets clear and stringent environmental rules for its contractors, subcontractors, suppliers of materials and consultants. The materials that are supplied must be approved or recommended by one of the environmental assessment systems (Nordic Swan Ecolabel, Basta, Byggvarubedömningen and Sunda Hus). The application of the environmental rules is monitored during annual internal audits.

Chemical products

Biological diversity is under immense pressure and Lundberg’s operations need to be conducted using as few chemicals as possible. Chemical products are used by property janitors to maintain properties for example, and chemicals marked as Environmentally Hazardous may not be used. If it is not possible to source the best product for the purpose, then the product with the lowest environmental impact should be chosen and the discrepancy noted. Compliance with this procedure is monitored by annual internal audits.

Satisfied customers

Lundbergs is dependent on its customers being satisfied with the company as a landlord. As customer feedback is of the utmost importance, customer satisfaction is measured in three segments: residential, offices and retail. In residential, the company has been top ranked by AktivBo for many years, and the Customer Satisfaction Index (CSI) score for offices has similarly been highly positive over the years that Lundbergs has participated in the index. In 2022, Lundbergs Fastigheter achieved a top-three ranking in both of these surveys, a unique achievement for a company in the property sector.

Quality and attention to detail have always been a cornerstone of Lundbergs' operations. This applies to everything from the selection of materials to interaction with customers. It is in the detail that our commitment becomes visible. Lundbergs attaches considerable value to long-term customer relations. If customers are retained over the long term, the need for refurbishment is reduced and the operations become more sustainable.

Committed and development-oriented employees

Lundbergs' corporate culture is based on the values of commitment, sound business sense, innovation and respect. As an employer, the company aims to accept responsibility and provide a safe and secure work environment and a healthy working atmosphere where employees thrive and develop. To focus further on management and employeeship, Lundbergs Fastigheter's headquarters in Norrköping have been activity-based for several years.

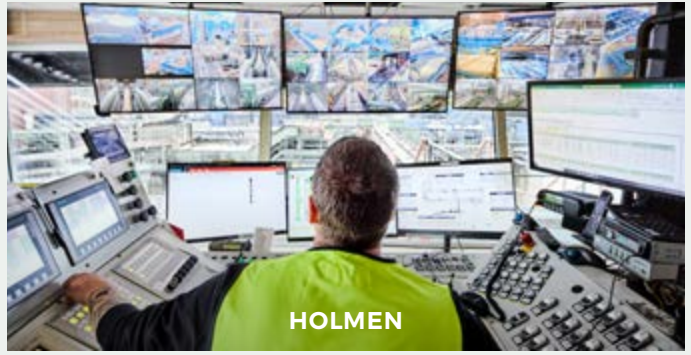
Great Place to Work

Lundbergs cooperates with the Great Place to Work organization, which works with employee satisfaction surveys. The method is based on more than 30 years of studies of employee experiences at various workplaces. Two types of studies – employee perspective and manager perspective – are implemented and the focus is on how committed employees are. The survey provides insight into potential problem areas that must be addressed. Lundbergs conducts this survey every second year, and the survey conducted in 2021 showed that a full 92% of the employees rank Lundbergs overall as a very good workplace, which is an increase of 7% since the most recent measurement. No cases of employee discrimination were reported during the year.





LUNDBERGS FASTIGHETER



HOLMEN



HUFVUDSTADEN



HUSQVARNA GROUP



INDUSTRIVÄRDEN



INDUTRADE



ALLEIMA



HANDELSBANKEN



SANDVIK

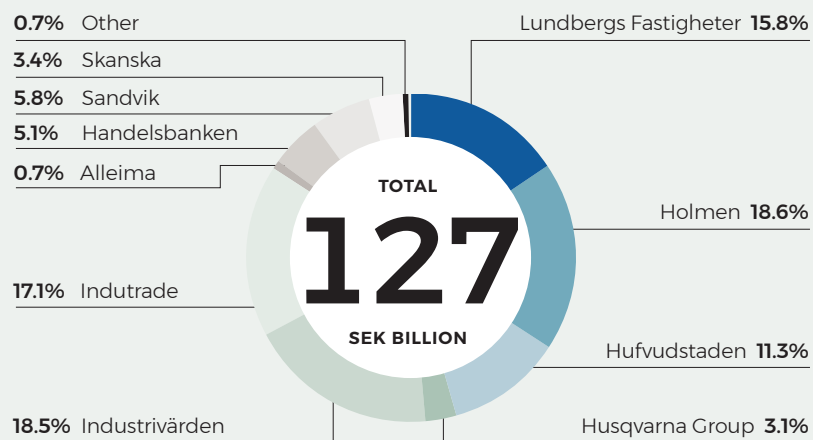


SKANSKA

Portfolio companies

The portfolio of assets includes the wholly owned business Lundbergs Fastigheter, the subsidiaries Holmen and Hufvudstaden and the associated companies Husqvarna, Industrivärden and Indutrade. Lundbergs also has major shareholdings in Alleima, Handelsbanken, Sandvik and Skanska.

Share of Lundbergs' holdings



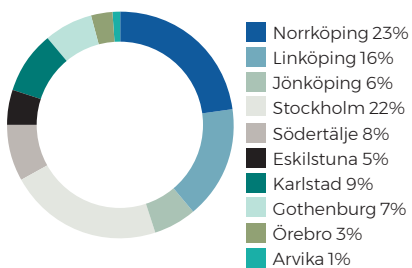
The listed holdings are measured at market value at February 21, 2023. Lundbergs Fastigheter is recognized at net asset value, refer to page 16.



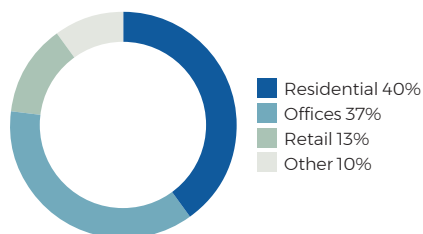
Lundbergs Fastigheter

Founded in 1944

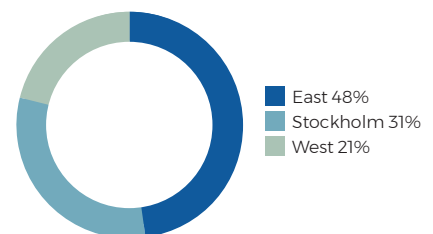
FAIR VALUE BY MARKET AREA



ANNUAL RENTAL REVENUES BY CATEGORY



ANNUAL RENTAL REVENUES BY REGION



Lundbergs Fastigheter was founded in 1944 and has developed into one of Sweden's large private property owners with a property value of approximately SEK 28 billion. The company has operations in ten cities in Sweden, from Stockholm in the east to Gothenburg in the west. The business concept is to engage in the long-term ownership, management and development of residential and commercial properties. Lundbergs fastigheter wants to contribute to people having the opportunity to live a better life. Therefore, the company develops attractive, sustainable urban environments where people want to live, work and enrich their leisure time. In recent years, the operations have developed through active management, acquisitions and new-build projects.

The real estate portfolio, which the company has largely built up itself, consists of about one million square meters of leasable area across 130 properties. The space consists of about 50% residential units and the rest is commercial premises – mainly office and retail space, but also gyms, movie theaters, warehouses, industrial premises and community properties such as nursing homes and schools. The property value amounts to SEK 28.2 billion. The company pursues a comprehensive sustainability program. In 2020, an important decision was taken that Lundbergs Fastigheters activities must be climate neutral by 2030. The target covers the entire value chain from tenants to partners, suppliers and employees. The sustainability work is described in greater detail in Lundbergs' sustainability report on page 22.

Organization

The number of employees within Lundbergs Fastigheter amounted at the end of 2022 to 177 people. As an employer, the company aims to provide a safe work environment and a good working atmosphere where employees experience satisfaction and professional development. Employeeship is about mutual respect and that all employees play an active and responsible role for jointly creating a healthy, productive and customer-centric culture. Management, rental activities and property upkeep are handled locally in the respective market areas by a distinctly decentralized organization. All of the central resources that support the

operational activities are located in the Norrköping headquarters. The members of the Executive Management Team consist of the President and CEO, the Executive Vice President, who is also Head of Rental and Property Administration, Regional Manager Stockholm, who is also Head of Sustainability, Regional Manager East, who is also Head of Business Development, Regional Manager West, who is also Head of Technical Operations, the Chief Accountant and the Market and Communication Manager.

Operations

The business activities are divided into three regions where the company offers attractive city locations in housing, offices and retail and meeting places.

The Stockholm Region comprises Stockholm/Solna, where the property portfolio mainly consists of commercial premises, as well as management units in Södertälje and Eskilstuna, which largely consist of residential units. *The West Region* comprises Arvika, Gothenburg, Karlstad and Örebro. The property portfolio in Gothenburg essentially comprises offices, while the remainder of the region largely consists of residential units. *The East Region* comprises Jönköping, Linköping and Norrköping, where the portfolio consists of both residential units and offices, as well as the largest part of the company's retail properties.

Residential

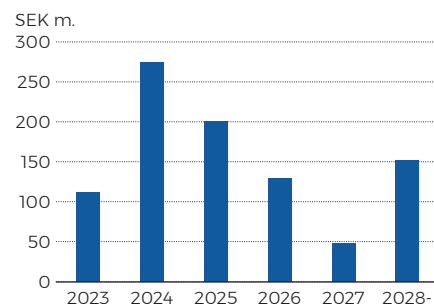
Lundbergs Fastigheter develops and offers residential units that facilitate simple and secure living. The company owns almost 7,000 high-quality rental apartments in attractive locations with property management occurring close to the tenants. Lundbergs Fastigheter places considerable focus on being receptive and maintaining a good dialogue with its tenants. Year after year, the operations achieve highly favorable results in the AktivBo customer survey, and Lundbergs Fastigheter is very well liked as a landlord. Our results from the 2022 AktivBo survey, which measures the level of satisfaction of our residential tenants and compares this with other property companies, resulted in us being awarded three Customer Crystals – Highest Service Index, Most Improved Service Index and Highest Profile in the 4,000–10,999 apartments category. The company was also nominated in the Highest Product Index category.

SHARE OF LUNDBERGS' HOLDINGS

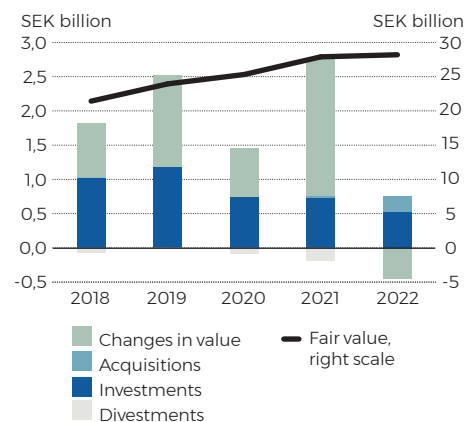
15.8%

Chair Fredrik Lundberg
CEO Louise Lindh
Board members associated with Lundbergs
 Lars Johansson, Katarina Martinson,
 Sten Peterson

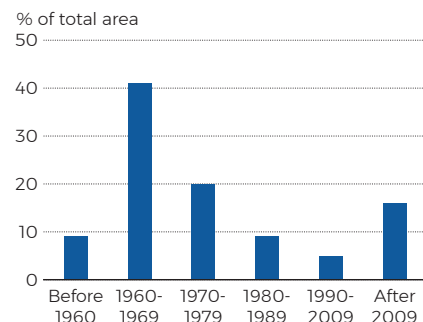
MATURITY STRUCTURE OF RENTAL CONTRACTS, COMMERCIAL PREMISES



FAIR VALUE TREND FOR INVESTMENT PROPERTIES



PROPERTIES, BREAKDOWN BY AGE



Good property maintenance requires that the properties are subject to a high standard of care and that the condition of the properties are monitored. To ensure that the properties are sustainable over the long term, Lundbergs Fastigheter has a long-term plan for renovation, refurbishment and extension works, known as ROT projects. There were four different ROT projects under way in 2022, encompassing over 1,000 apartments. The largest of these is in Södertälje, which covers two areas with a total of 785 apartments, in addition to one property in Norrköping and one in Eskilstuna with approximately 140 apartments each. The company did not begin any new construction projects during the year.

Offices

Lundbergs Fastigheter develops and offers offices that help companies and employees to achieve their goals. The company owns and manages approximately 226,000 sqm of office space. Long-term tenant relationships are created through high service levels and personal meetings, thus increasing awareness of the tenants' needs and wishes. Through good knowledge of the tenants' operations, Lundbergs Fastigheter can offer solutions that are optimized for the customers' requirements and that give the tenant security, comfort and a good work environment – in both the short and the long term. Lundbergs Fastigheter participates in the Fastighetsbarometern customer survey and achieved a fine second place in the large-cap category in 2022.

The new office building, LINK Business Center, in Linköping was inaugurated in December 2021 and was filled up with tenants during the year.

The COVID-19 pandemic has impacted the office market and has been a driving force behind the development and debate about "the office of the future." The pandemic has accelerated an already ongoing digitalization trend and it may be assumed that certain changed work methods will remain permanently. One clear trend is that there is greater variation in office design, which is now being adapted to the working methods of the business concerned. The need for a physical location for meetings, creativity and work environment is often highlighted in an even clearer manner. As before, accessibility and an attractive location are key parameters. Demand for office premises



remained good during the year, although the market slowed in the fall.

Retail and Meeting places

Lundbergs Fastigheter develops and offers retail premises and meeting places that enrich people's lives and ensure a vibrant city environment. Leasable area for retail premises and meeting places amounted to approximately 92,000 sqm. The company has retail premises in all of its market areas, with emphasis in Norrköping, Linköping and Jönköping. The COVID-19 pandemic, the war in Ukraine and the major financial unrest in the world meant that 2022 was another tough year for both retail and restaurants.

Societal development is occurring at a rapid pace, not least in city centers, where the rate of progress and renewal is fast. During the year, Lundbergs Fastigheter began work to renew retail properties in central Norrköping through a large-scale refurbishment project that will improve both well-being and attractiveness. Several retailers were relocated during the year, as densification and more obvious clustering help to provide a better experience for visitors and tenants alike.

Value-creating property development

Property valuation

The fair value of the investment properties at December 31, 2022 was estimated at SEK 28,203 m. (27,899). The unrealized change in value, excluding completed

investments and acquisitions, was negative SEK 450 m. during the year, corresponding to -1.6%. The average value per square meter of rentable space was SEK 31,853 (32,209) and the average yield was 3.9% (3.7).

The valuation of the real estate portfolio was conducted by assessing the fair value of each individual property. The valuations were based on both location-price data and the sum total of the present value of estimated future payment flows. The required yield is based on information obtained on the market's yield requirement pertaining to current purchases and sales of comparable properties in similar locations. The required yields vary among different market areas and sub areas. The properties' net operating income is calculated on the basis of rental revenues at market price, long-term rental vacancy rate and normalized operating and maintenance costs. Type of property, technical standard, building design and major investment requirements are also taken into consideration. For more information, refer to page 74. The Gåvan 6 property in Linköping was purchased during the year.

Projects

Lundbergs Fastigheter contributes actively to urban development in its various market areas. The company focuses intently on developing both new and existing properties of high quality, thus adding value and offering what the customers demand.



During 2022 Lundbergs Fastigheter invested SEK 461 m. (446) in investment properties and SEK 292 m. (299) in acquisitions and new property projects. New-build projects are an important part of value growth for the company. Properties are built in prime locations with good yields and where development opportunities are deemed to be favorable.

In 2021, major refurbishment began of the Tulpanen 18 property in Norrköping. The property will undergo both interior and exterior renewal, with the upper floor converted from retail spaces to a commercial meeting place, the majority of which will be used as coworking spaces. The project will make a tangible contribution to the development of Norrköping city center.

Lundbergs Fastigheter has adopted a long-term plan for implementing ROT projects in the company's portfolio, including plumbing renovations, window replacements and kitchen and bathroom upgrades. A ROT renovation of large parts of the portfolio in Södertälje was started in 2017 and is scheduled for completion in 2025. Investments in ROT totaled SEK 295 m. in 2022. ROT projects are planned for Södertälje, Eskilstuna and Norrköping in 2023. Estimated investment is approximately SEK 290 m.

Development properties

The company's development properties are located in central Sweden. At year-end, the estimated value of the development properties was SEK 565 m. (569). Developable land for apartment blocks and single-family dwellings was sold for a total of SEK 99 m., with a result of SEK 53 m. Development work has been completed on around 100 single-family dwellings in Ekeby-Almby, Örebro, and sales have commenced. Planning work has continued for a new operational area of 85,000 sqm at Insjön interchange, Nacka/Värmdö, as well as for some 100 residential units in Lillån, Örebro.

Sales and earnings

Net sales totaled SEK 1,736 m. (1,594). Rental revenues (including service revenue) rose SEK 100 m. to SEK 1,637 m. (1,536). For comparable properties, rental revenues rose 3.2%.

The vacancy rate totaled 3.7% (3.5) during the year, of which residential units accounted for 1.3% (2.0) and commercial premises for 5.3% (4.4). Operating costs, excluding property tax, amounted to SEK 261 m. (244). Property tax amounted to SEK 91 m. (79). Maintenance costs totaled SEK 183 m. (174). Operating profit before changes in value amounted to SEK 1,006 m. (931). Operating profit including changes in value was SEK 556 m. (2,966).

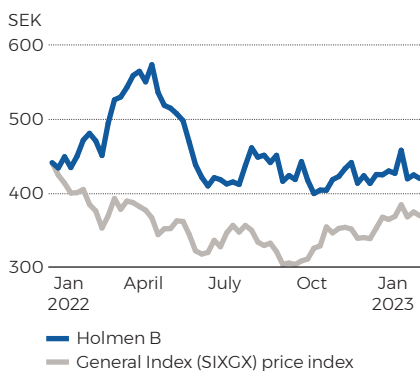
KEY FIGURES 2022	Stockholm Region	West Region	East Region	Total
Number of properties	28	44	58	130
Fair value, SEK m.	9,927	5,667	12,609	28,203
Number of apartments	2,168	1,966	2,842	6,976
Residential, sqm	163,217	137,306	200,245	500,768
Residential, rent per sqm, SEK	1,303	1,302	1,482	1,374
Residential, rental value, SEK m.	213	179	297	688
Residential, rent-based vacancy rate, %	0.6	1.9	1.5	1.3
Office and retail, sqm	56,490	80,635	175,768	312,894
Other commercial premises, sqm	40,130	28,964	125,935	195,029
Office/retail, rent per sqm, SEK	4,666	1,973	2,460	2,732
Other commercial premises, rent per sqm, SEK	1,160	800	783	863
Office/retail, rental value, SEK m.	264	159	432	855
Other commercial premises, rental value, SEK m.	47	23	99	168
Office/retail, rent-based vacancy rate, %	6.0	1.4	6.1	5.2
Commercial premises, number of rental contracts	262	246	767	1,275



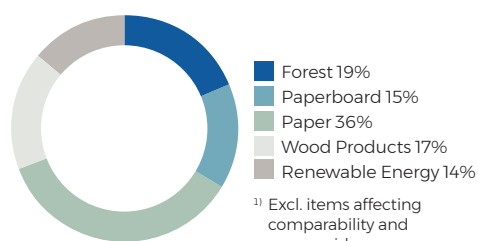
Holmen

Holding since 1988

THE HOLMEN SHARE

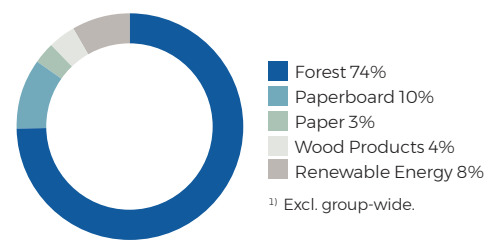


OPERATING PROFIT BY BUSINESS AREA¹⁾



¹⁾ Excl. items affecting comparability and group-wide.

CAPITAL EMPLOYED BY BUSINESS AREA¹⁾



¹⁾ Excl. group-wide.

Holmen's business concept is to own and add value to forests. The forest holdings constitute the basis for the operations, which form a sustainable closed circuit whereby raw materials grow and are processed into everything from wood for climate-smart construction to renewable packaging, magazines and books. In addition, hydroelectric and wind power is generated on land owned by the company.

Business areas

Forest is responsible for the management and development of Holmen's forest holdings and for the efficient supply of timber to the Holmen group's Swedish production units. Holmen's land holding amounts to just over one million hectares of productive forest land in Sweden, and harvesting in wholly owned forests largely satisfies the Swedish production units. The forest is a stable source of revenue for Holmen and contributes considerable climate value by binding carbon dioxide. The climate value is doubled when the renewable forest raw materials are used to replace fossil-based alternatives. The revenue and value of the forest will increase through active, sustainable forestry in which the harvest is utilized and processed into climate-smart products.

Paperboard produces and sells solid board and folding boxboard based on virgin fiber at one Swedish and one UK mill. The products are marketed under the Invercote, Incada and Inverform brands. Paperboard operations will grow on the basis of the position as market leader in the premium renewable consumer packaging segment, in which high quality, customized solutions and first-class service are combined with large-scale production.

Paper manufactures paper products that utilize the properties of the fresh fiber, providing cost-effective and resource-efficient alternatives to traditional paper choices for books, packaging and graphic publications. Production takes place at two Swedish mills.

Wood Products supplies sawn and processed wood products for the construction trade, carpentry and construction industry at five sawmills located close to own forests. Holmen also offers customized solutions for climate-smart, large-scale timber construction. The positioning of the sawmills close to the sea, railways and roads facilitates effective logistics solutions to customers. The operations will be developed through increased processing and better utilization of timber raw materials in combination with large-scale production.

Renewable Energy accounts for the Holmen Group's hydroelectric power and wind power assets, as well as electricity supply to Holmen's Swedish units. In a normal year, Holmen generates around 1.8 TWh of renewable electricity. Together with the electricity produced at the mills, the production of hydroelectric and wind power currently accounts for approximately 55% of the group's electricity consumption. Holmen's production of renewable hydroelectric and wind power contributes to sustainable energy supply in Sweden and to the European transition to fossil-free energy sources.

Sustainability

Holmen's business model is circular, whereby the foundation is the company's sustainably managed forests. The growing trees are processed in the company's own industrial facilities into everything from wood for climate-smart construction to renewable packaging, magazines and books, at the same time as hydroelectric and wind power electricity are generated on the company's own land. All paperboard and paper mills are certified to guarantee traceability, environmental standards and quality. The operations as a whole, with in-house energy production and resource-efficient production units, contribute to long-term value growth and significant climate benefits by annually reducing the amount of carbon dioxide released into the atmosphere. Holmen's business creates value for both shareholders and customers while contributing to a better climate and a flourishing countryside.

Financial objectives

The forest is managed sustainably to provide a healthy annual return and stable value growth. Hydroelectric and wind power will promote sustainable energy generation and the production of renewable energy will be increased by supplementing current hydroelectric power with wind power on the company's own land. Industrial operations are conducted with a focus on long-term profitability and the objective is to sustainably achieve a return on capital employed of more than 10%.

Financial net debt must not exceed 25% of shareholders' equity. Holmen aims to generate a favorable annual dividend to the shareholders. The level is adapted to the group's profitability situation, investment plans and financial position. Dividends are complemented with share buybacks when this is considered to add long-term value for the shareholders.

SHARE OF LUNDBERGS' HOLDINGS

18.6%

Chair Fredrik Lundberg
CEO Henrik Sjölund
Board members associated with Lundbergs
 Carl Bennet, Louise Lindh

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of Series A shares	33,244,000
Number of Series B shares	22,000,000

KEY FINANCIAL DATA

	2022	2021
Net sales, SEK m.	23,952	19,479
Operating profit excl. items affecting comparability, SEK m.	7,262	4,061
Earnings per share, SEK	36.3	18.5
Debt/equity ratio, multiple	0.04	0.09
Average number of employees	3,466	3,474
Dividend per share, SEK	16.00 ¹	11.50 ²
Share price, Series B, Dec 31, SEK	413.90	434.70

¹ The Board of Directors' proposal, of which extra dividend of SEK 8.00.

² Of which extra dividend of SEK 4.00.

LARGEST SHAREHOLDERS¹

DEC 31, 2022	share capital, %	voting rights, %
Lundbergs	34.1	62.3
Kempe Foundations	7.4	17.5
Norges Bank	4.9	1.4
SEB Funds	2.3	0.7
Blackrock	2.3	0.7

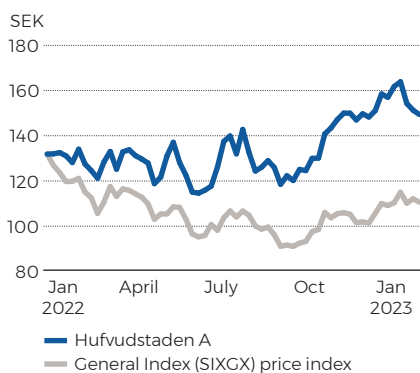
¹ The proportion is calculated after a deduction for treasury shares.



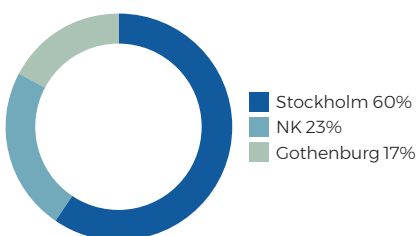
Hufvudstaden

Holding since 1998

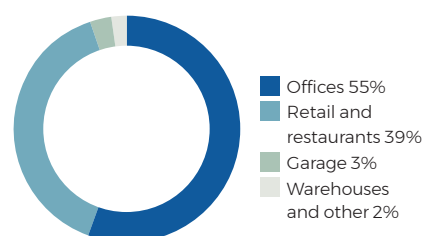
THE HUFVUDSTADEN SHARE



ANNUAL RENTAL REVENUES BY BUSINESS AREA



ANNUAL RENTAL REVENUES BY TYPE OF PREMISES



Hufvudstaden is one of Sweden's leading real estate companies. The company's business concept is to use its own properties in central Stockholm and central Gothenburg to offer successful companies high-quality office and retailing premises in attractive market-places.

Hufvudstaden's properties are situated in prime locations in Stockholm and Gothenburg. The company owns commercial office and retail properties in the central business districts, including Hamngatan, Norrmalmstorg, Kungsgatan and Bibliotekstan in Stockholm and Inom Vallgraven and Östra Nordstan in Gothenburg. This makes Hufvudstaden one of the most specialized and geographically concentrated real estate companies in Sweden. Rentable space totals 386,600 sqm, with an annual rental value of SEK 2.2 billion. The real estate portfolio was market valued at SEK 49.5 billion at the end of 2022.

Business areas

The operation is divided into three business areas. *The Stockholm business area* consists of 22 properties with total rentable space of 206,100 sqm. This area has constituted the core of the real estate portfolio since the company was founded in 1915. The portfolio is entirely commercial and consists of office and retail properties. The business area also includes Cecil Coworking, which offers flexible workplaces in an attractive location with first-class service. *The NK business area* consists of three properties with total rentable space of 91,400 sqm. This business area includes the NK properties in Stockholm and Gothenburg and owns the NK trademark. It also includes the parking operations of the subsidiary Parkaden AB. NK Retail, which is a wholly owned subsidiary of AB Nordiska Kompaniet, operates a total of approximately 40 fashion, beauty and accessories departments at NK Stockholm and NK Gothenburg. NK's online store represents a digital complement to the department stores. *The Gothenburg business area* has four properties with total rentable space of 89,000 sqm. Hufvudstaden is one of the largest owners in the Nordstans shopping center, one

of Sweden's largest shopping centers with attractive retail, parking and modern offices in the best commercial location.

Hufvudstaden works actively to develop the high quality and efficiency of its real estate portfolio in respect of existing commercial premises and also by developing and creating new development rights. Through development measures, the premises gain higher technology standards and more space-efficient floor plans, thus contributing to an improved operating net and higher returns. The intention is to create favorable value growth and to adapt offices and stores together with customers in accordance with their conditions and needs. The company focuses on providing a high level of service, which requires close collaboration with tenants. All properties are located within walking distance of Hufvudstaden's offices and the company's own operational engineers are responsible for management and maintenance of the properties. Hufvudstaden also has a business development unit whose purpose is to initiate and pursue commercial projects involving offices, retail and digital development in order to ultimately increase the company's profitability.

Sustainability

Hufvudstaden works actively and on a long-term basis to achieve economic, environmental and social sustainability. This is done by minimizing the climate impact, future-proofing the business and collaborating with customers and suppliers. Hufvudstaden's sustainability plan has been formulated to comply with the UN Sustainable Development Goals (SDGs). The established sustainability targets include such actions as reduced energy consumption, climate-neutral property management and environmental certification of properties.

Financial objectives

Hufvudstaden's financial objective is to achieve good dividend growth over time and provide a dividend that accounts for more than half of the net profit from current operations. Over time, the equity/assets ratio should be at least 40%.

SHARE OF LUNDBERGS' HOLDINGS

11.3%

Chair Fredrik Lundberg
CEO Anders Nygren
Board members associated with Lundbergs
 Claes Boustedt, Louise Lindh, Sten Peterson

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of Series A shares	87,311,335
Number of Series C shares	8,177,680

KEY FINANCIAL DATA

	2022	2021
Net sales ¹ , SEK m.	2,746	2,488
Operating profit before value changes, SEK m.	1,298	1,286
Profit after net financial items, SEK m.	904	3,726
Earnings per share, SEK	3.57	14.61
Debt/equity ratio, multiple	0.3	0.3
Net asset value/share (EPRA NRV), SEK	201	199
Dividend per share, SEK	2.70 ²	2.60
Share price, Series A, Dec 31, SEK	148.30	135.20

¹ Including other segments.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS¹

DEC 31, 2022	share capital, %	voting rights, %
Lundbergs	47.2	88.6
AMF Pensions & Funds	9.3	1.8
Blackrock	2.3	0.5
Vanguard	2.3	0.5
Gustaf Douglas	1.5	0.3

¹ The proportion is calculated after a deduction for treasury shares.



Husqvarna Group

Holding since 2007

Husqvarna, which was founded as early as 1689, is a world-leading manufacturer of innovative products and solutions for the upkeep of forests, parks and gardens. The product range includes robotic lawnmowers, ride-on mowers, chainsaws and trimmers. The group is also European market leader in garden irrigation and leads the global market in cutting tools and surface treatment equipment for the construction industry.

Husqvarna Group consists of three divisions. *Husqvarna Forest & Garden* focuses on products and services for green spaces for both consumers and professionals, *Gardena* on consumers with its home and garden products and *Husqvarna Construction* on professionals with its equipment, service and support for users in the construction industry. The group has a broad global distribution network, a competitive product range and high technological expertise. The focus is on premium products and solutions under strong brands, which are sold primarily through specialist and retail trade. More than 25,000 resellers in around 140 countries represent the Husqvarna and Gardena brands. The group has exposure to rapidly growing segments

such as battery products, robotic lawnmowers, digitization and other garden automation solutions.

Sustainability

Customers are increasingly prioritizing sustainability, something that the group encourages and promotes. The company's sustainability plan *Sustainovate 2025* focuses on three areas: driving the transition to low-carbon solutions, rethinking and redesigning for a resource-smart customer experience and inspiring actions that make a lasting difference. The group also has specific environmental targets, including for the company to reduce carbon emissions by 35% throughout the value chain by 2025 compared with the emissions levels of 2015.

Financial objectives

The group's objective is that sales will grow organically by 5% annually. The operating margin should reach 13% and operational working capital in relation to net sales should not exceed 20%. In addition to the financial objectives, the company also aims to double sales of robotic lawnmowers and increase the share of electrified products from 38 to 67% within five years from 2021.

SHARE OF LUNDBERGS' HOLDINGS

3.1%

Chair Tom Johnstone

CEO Pavel Hajman (acting CEO from Dec 18, 2022)

Board members associated with Lundbergs

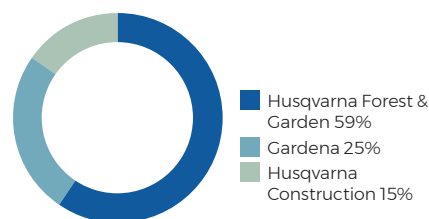
Katarina Martinson, Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of Series A shares	39,400,000
Number of Series B shares	4,142,012

NET SALES BY DIVISION



KEY FINANCIAL DATA

	2022	2021
Net sales, SEK m.	54,037	47,059
Adjusted operating profit, SEK m. ¹	4,853	5,684
Earnings per share, SEK	3.38	7.73
Debt/equity ratio, multiple	0.74	0.44
Average number of employees	14,416	13,873
Dividend per share, SEK	3.00 ²	3.00
Share price, Series A, Dec 31, SEK	73.50	144.20

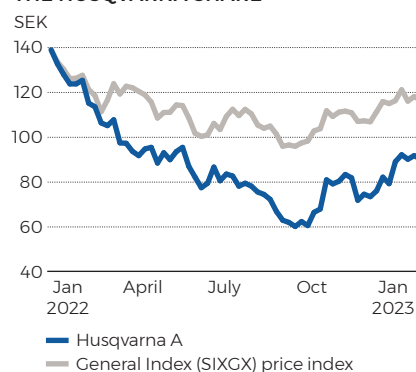
¹ Excluding items affecting comparability of negative SEK 1,810 m. for 2022 and SEK 62 m. for 2021.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital, %	voting rights, %
Investor	16.8	33.4
Lundbergs	7.6	25.4
Swedbank Robur Funds	3.4	1.2
Blackrock	2.8	1.0
Vanguard	2.7	1.2

THE HUSQVARNA SHARE



SHARE OF LUNDBERGS' HOLDINGS

18.5%

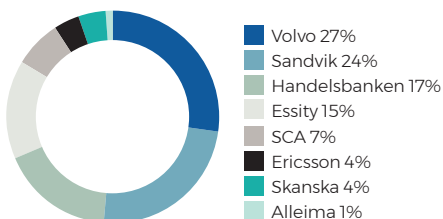
Chair Fredrik Lundberg
CEO Helena Stjernholm
Board members associated with Lundbergs
 Katarina Martinson, Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of Series A shares	68,000,000
Number of Series C shares	15,000,000

STOCK PORTFOLIO, MARKET VALUE, TOTAL SEK 134 BILLION, DEC 31, 2022



KEY FINANCIAL DATA

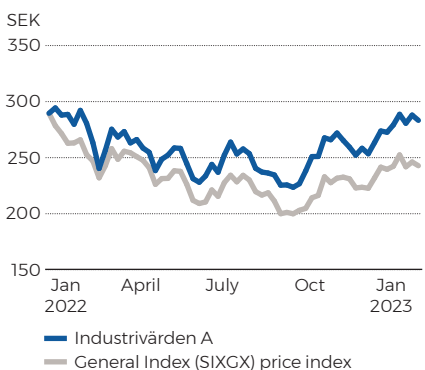
	2022	2021
Profit after tax, SEK m.	-13,967	26,594
Net asset value, SEK billion	126.5	143.5
Net asset value per share, SEK	293	332
Debt/equity ratio, multiple	0.05	0.04
Dividend per share, SEK	7.25 ¹⁾	6.75
Share price, Series A, Dec 31, SEK	253.50	288.40

¹⁾ The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital, %	voting rights, %
Lundbergs	19.1	25.0
Jan Wallanders & Tom Hedelius Foundation	6.4	10.0
Spiltan Funds	5.2	1.3
Lundberg, Fredrik (incl. wholly owned companies)	3.0	2.4
Blackrock	2.4	1.8

THE INDUSTRIVÄRDEN SHARE



Industrivärden

Holding since 2002

Industrivärden is a publicly traded holding company that contributes, through active ownership, to the long-term development and value creation of its holdings. The operations are based on a portfolio of listed Swedish companies with strong market positions and favorable value potential. Based on strong positions of influence, a long-term approach and extensive knowledge, Industrivärden contributes to the operational and strategic development of the portfolio companies. The goal is to generate an attractive long-term return at a balanced risk.

Industrivärden's portfolio is primarily exposed to engineering industry, commercial vehicles, bank operations and consumer products. The portfolio companies occupy strong positions in their particular areas and the share portfolio is estimated to have attractive long-term return potential.

The business model is based on Industrivärden's relative strength factors in the form of a long-term investment perspective, strong positions of influence, a well-developed ownership model, depth of industrial knowledge and experience, financial strength and an extensive network. The long-term investment perspective entails a natural focus on sustainable development and long-term value-adding measures in the portfolio companies.

In its ownership role, Industrivärden aims to contribute to the portfolio companies establishing and ultimately strengthening their leading positions in their respective industries. Considerable importance is attached to distinct management, focus and flexibility. Its active ownership is exercised primarily through involvement in nomination committees, representation on boards of directors and continuous evaluation of companies, boards of directors, CEOs and company management.

Sustainability

Industrivärden achieves the greatest impact on sustainability in its role as an active owner of its portfolio companies. The company therefore acts as an owner that imposes demands and has high ambitions to contribute to sustainable operations. This concerns, on the one hand, minimizing sustainability-related risks and, on the other, capitalizing on sustainability-related opportunities.

Financial policies

Industrivärden's dividend policy stipulates that the company is to generate a positive cash flow before portfolio changes and after payment of dividends. The aim of this is to build investment capacity over time and to be able to support portfolio companies when needed. As a rule, the debt/equity ratio is to range from 0 to 10%, but may periodically differ from this range.



Indutrade

Holding since 2005

Indutrade is an international industrial and technology group that develops and acquires companies characterized by high technological expertise. Its business philosophy is based on entrepreneurship and decentralized leadership.

The group comprises around 200 subsidiaries in more than 30 countries in six continents. The four principal geographic markets are Sweden, the UK & Ireland, Finland and Benelux. Indutrade has widespread representation in various customer segments, primarily Infrastructure/Construction, Medical technology and pharmaceutical, Engineering, Energy and Process industry. Operations are concentrated in two main areas: companies with sales of industrial technology and companies with own manufacture of products under their own brands.

The organization is strongly decentralized and the subsidiaries operate within clearly defined market niches. The group is divided into eight business areas: *Industrial Components, Flow Technology, Benelux, Measurement & Sensor Technology, Fluids & Mechanical Solutions, Finland, DACH* and *UK*.

Indutrade has long-standing experience of company acquisitions. Through its strong history of acquisi-

tions, Indutrade has the size and the favorable reputation, experience and prerequisites needed to implement value-creating acquisitions. In 2022, 16 new companies were acquired, with total annual sales of around SEK 1.9 billion.

Sustainability

Indutrade's sustainability strategy is based on the companies in the group continuously developing and improving in a way that is financially, environmentally and socially responsible. Two of the sustainability strategy's aims are for the group to strive to be CO₂-neutral in scope 1 and scope 2 by 2030 and to achieve a 20% reduction by 2025. The company has also begun reporting scope 3 emissions and has signed up to the Science Based Targets initiative.

Financial objectives

Indutrade's financial objective is that average annual sales growth will be at least 10% over a business cycle. The EBITA margin is to amount to at least 14% annually over a business cycle. The return on capital employed is to average at least 20% annually over a business cycle. The net debt/equity ratio should normally not exceed 100%. Dividend payments should be between 30 and 50% of profit after tax.

SHARE OF LUNDBERGS' HOLDINGS

17.1%

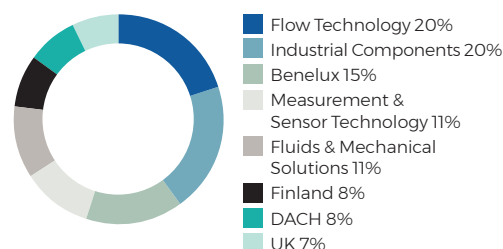
Chair Katarina Martinson
CEO Bo Annvik
Board members associated with Lundbergs
 Anders Jernhall, Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of shares	96,840,000
------------------	------------

NET SALES BY BUSINESS AREA



KEY FINANCIAL DATA

	2022	2021
Net sales, SEK m.	27,016	21,715
Operating profit, SEK m.	3,620	2,825
Earnings per share, SEK	7.36	5.76
Net debt/equity ratio, multiple	0.67	0.53
Average number of employees	8,483	7,715
Dividend per share, SEK	2.60 ¹⁾	2.30
Share price, Dec 31, SEK	211.10	277.20

¹⁾ The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital and voting rights, %
Lundbergs	26.6
AMF Insurance and Funds	9.6
Fidelity Investments	7.9
Alecta Pension Insurance	4.6
Handelsbanken Funds	3.2

THE INDUTRADE SHARE



SHARE OF LUNDBERGS' HOLDINGS

0.7%

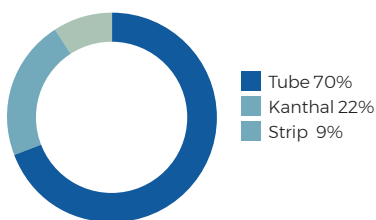
Chair Andreas Nordbrandt
CEO Göran Björkman
Board member associated with Lundbergs
 Claes Boustedt

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of shares	15,381,915
------------------	------------

INVOICING BY DIVISION



KEY FINANCIAL DATA

	2022	2021
Total income, SEK m.	18,405	13,847
Adjusted operating profit, SEK m.	1,681	1,055
Adjusted earnings per share, SEK	4.46	3.82
Debt/equity ratio, multiple	0.00	0.11
Number of employees	5,886	5,465
Dividend per share, SEK	1.40 ²	
Share price, Dec 31, SEK	38.42	

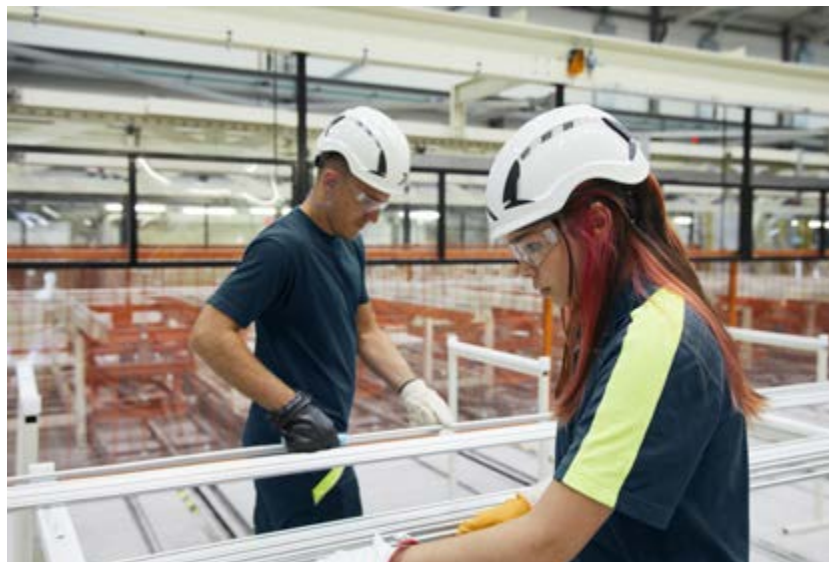
¹ Adjusted for items affecting comparability of SEK 441 m. for 2022 and SEK 324 m. for 2021.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital and voting rights, %
Industrivärden	20.0
Lundbergs	6.1
Vanguard	3.0
AFA Insurance	2.3
Swedbank Robur Funds	2.3

THE ALLEIMA SHARE



Alleima

Holding since 2022 (distributed from Sandvik)

Alleima is a world-leading developer, producer and supplier of high value-added products in advanced stainless steels and special alloys, as well as industrial heating products.

With its products and expertise in materials technology, metallurgy and industrial processes, Alleima enables its customers to become more efficient, profitable, safer and more sustainable. The fully integrated value chain, from R&D and primary melting to end-product, enables them to offer high-quality products and a flexible range. The company has a strong market position in a large number of niche end-markets. The company's offering includes around 900 active alloy recipes and a wide range of products for various customer segments, such as pipe products for demanding applications and environments, heating elements for industrial heating, wire for med-tech equipment and precision strip steel. Products are sold in around 90 countries.

Alleima is organized into three divisions. *Tube* develops and manufactures tubular products and other long products from advanced stainless steels and special alloys that are used primarily in power generation, chemicals, oil and gas and renewable energy, as well as automotive and aerospace. *Kanthal* delivers products and services within industrial heating, resistance materials

and other applications where materials are required to tolerate high temperatures and aggressive conditions. *Strip* develops and manufactures a wide range of precision strip steel products, primarily for the consumer, industrial, transport and renewable energy sectors.

Sustainability

The company has a number of long-term sustainability goals, divided into four focus areas that cover climate and circularity, market leadership, being a responsible employer and ethical business conduct. Alleima has committed to set targets in line with the Science Based Targets initiative (SBTi), consistent with the Paris Agreement.

Financial objectives

Alleima's financial objectives are to deliver profitable organic revenue growth that is on a par with, or exceeds, the growth of prioritized end-markets, as well as an adjusted EBIT margin (excluding metal price effects and items affecting comparability) in excess of 9% on average over a business cycle. The net debt/equity ratio should be lower than 0.3. The dividend should amount on average to 50% of the profit for the period (adjusted for metal price effects) over a business cycle. The dividend should take into account the financial position, cash flow and outlook.



Handelsbanken

Holding since 2005

Handelsbanken was founded in 1871 and is currently one of the world's strongest in terms of capital. The bank offers a wide variety of financial services. It has a decentralized work method with a strong local presence and a major focus on customer requirements.

Handelsbanken's model, with a local market presence, long-term customer relationships and strong local decision-making power, is particularly suitable for customers with stable cash flows seeking a long-term relationship with their bank. The bank's offering is particularly targeted at private customers, real estate companies and other owner-operated companies.

The bank's credit policy applies throughout the group and is always based on the customer's repayment capacity. For a long time, the bank has been operating with a low loan-loss ratio, high customer satisfaction and strong profitability. The bank's credit rating with the leading rating agencies is one of the best in the world and during the year the bank was named "Europe's safest bank" by *Global Finance*.

Over half of the total inflow into the Swedish fund market during the year went into the bank's funds and the bank remains the biggest player in

Sweden in terms of new lending to companies.

Sustainability

Sustainability is a prerequisite for long-term value creation and is deeply rooted in Handelsbanken's corporate culture and work methods. The bank's lending operations are subject to clear guidelines concerning, inter alia, human rights, labor conditions and environmental and climate considerations.

In performing the assignment of managing the customers' savings, Handelsbanken's ambition of creating a favorable return is combined with initiatives for a sustainable future. In 2022, Handelsbanken's sustainability rating was raised to the highest possible level by *MSCI ESG Ratings*. The bank's green framework was also expanded in order to broaden the opportunities for funding projects that lead to adaptation to climate change and greater energy efficiency.

Financial objectives

Handelsbanken's objective is to achieve higher profitability than the average for comparable competitors in its home markets. The aim is to be achieved primarily by having more satisfied customers and lower costs than competing banks.

SHARE OF LUNDBERGS' HOLDINGS

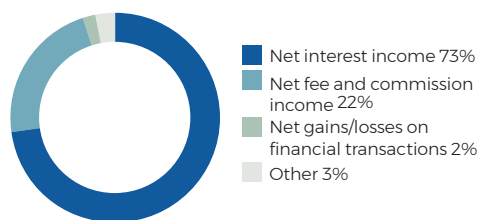
5.1%

Chair Pär Boman
CEO Carina Åkerström
Board member associated with Lundbergs
 Fredrik Lundberg

LUNDBERGS' HOLDINGS FEB 21, 2023

Number of Series A shares	60,000,000
---------------------------	------------

INCOME BY TYPE OF REVENUE



KEY FINANCIAL DATA

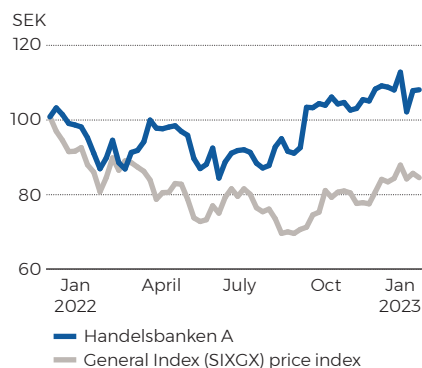
	2022	2021
Total income, SEK m.	50,249	44,277
Operating profit, SEK m.	26,619	23,475
Return on shareholders' equity, %	12.5	11.8
C/I ratio, %	42.4	44.8
Earnings per share, SEK	10.84	9.86
Common equity tier 1 ratio, %	19.6	19.4
Average number of employees	10,954	11,039
Dividend per share, SEK	8.00 ¹⁾	5.00
Share price, Series A, Dec 31, SEK	105.10	97.86

¹⁾ The Board of Directors' proposal, of which an extra dividend SEK 2.50 per share.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital, %	voting rights, %
Industrivärden	11.2	11.4
Oktogonen Foundation	8.2	8.3
Lundbergs	2.9	3.0
Vanguard	2.7	2.7
Blackrock	2.6	2.6

THE HANDELSBANKEN SHARE



SHARE OF LUNDBERGS' HOLDINGS

5.8%

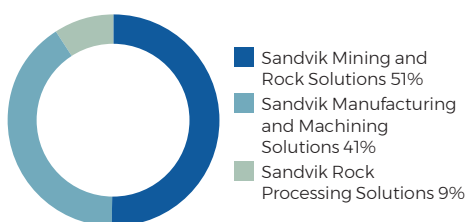
Chair Johan Molin
CEO Stefan Widing
Board member associated with Lundbergs
 Claes Boustedt

LUNDBERGS' HOLDINGS

FEB 21, 2023

Number of shares	34,500,000
------------------	------------

SALES BY BUSINESS AREA



KEY FINANCIAL DATA

Remaining operations	2022	2021
Revenues, SEK m.	112,332	85,700
Adjusted operating profit, SEK m. ¹	21,020	17,003
Adjusted earnings per share, SEK	11.98	10.26
Net debt/equity ratio, multiple	0.54	0.35
Number of employees	40,489	38,669
Dividend per share, SEK	5.00 ²	4.75
Share price, Dec 31, SEK	188.40	246.30

¹ Adjusted for items affecting comparability of negative SEK 2.4 bn. for 2022 and pos. SEK 0.3 bn. for 2021.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital and voting rights, %
Industrivärden	13.7
Alecta Pension Insurance	4.8
Swedbank Robur Funds	3.9
Vanguard	3.0
Blackrock	2.9
Lundbergs	2.8

THE SANDVIK SHARE



Sandvik

Holding since 2005

Sandvik is a high-tech and global industrial group with sales in approximately 150 countries, with a strong focus on improving the customers' productivity, profitability and sustainability. The group's operations are based on unique know-how in materials engineering, in-depth knowledge of industry processes and close cooperation with customers.

A decentralized decision-making process close to the customers is the key to Sandvik's success. The group's strategy is designed to achieve growth, both organically and through acquisitions. Sandvik is divided into three business areas and just over 20 divisions. The divisions have complete profit responsibility, which creates an entrepreneurial environment. Sandvik's dominating customer segments are Mining, Engineering, Infrastructure, Automotive, Aerospace and Energy.

Sandvik Mining and Rock Solutions is a world-leading supplier of equipment, tools, spare parts, service and technical solutions for the mining and infrastructure industries. Areas of application include rock drilling, rock cutting, loading and transportation. *Sandvik Rock Processing Solutions* is a leading supplier of equipment, tools, parts, service and solutions for crushing, screening, breaking and demoli-

tion in the mining and construction industries. *Sandvik Manufacturing and Machining Solutions* is a global market-leading manufacturer of tools and tool systems for advanced metal cutting for the engineering industry. The business area also offers digital solutions for optimizing its customers' productivity, additive manufacturing and product-integrated metrology.

Sustainability

Sandvik has set four distinct sustainability goals for 2030 in the areas of climate, circularity, people and fair play. The company is included in several sustainability indexes and it reports KPIs for its sustainability goals on a regular basis in interim reports. Sandvik has committed to set targets in line with the Science Based Targets initiative, consistent with the Paris Agreement.

Financial objectives

Sandvik's financial objective is to achieve growth of 7% over a business cycle. The adjusted EBITA margin should be in the range of 20–22% over a business cycle. Financial net debt to EBITDA should be lower than 1.5, excluding larger acquisitions. The dividend should amount to 50% of adjusted earnings per share over a business cycle.



Skanska

Holding since 2011

Skanska is one of the world's leading construction and project development companies focusing on selected home markets in the Nordic region, the rest of Europe and USA. Supported by global urbanization and demographic trends and by being a leader in sustainability, Skanska offers intelligent solutions to build a better society.

Construction is the group's largest business area and includes residential and non-residential building construction as well as civil construction.

Construction assignments are conducted both for external customers and for Skanska's development activities. *Residential development* initiates and develops residential projects primarily for sale to private customers.

Commercial property development initiates, develops, leases and sells commercial real estate projects, with a main focus on offices. During 2022, Skanska launched a new business area, *Investment Properties*, which aims to establish a long-term property portfolio of office properties in Stockholm, Gothenburg and Malmö.

Financial synergies is created because construction is conducted with negative working capital and generates a positive cash flow over time. This cash flow together with the profits generated by the group

are invested in project-development operations, thus creating a healthy return on invested capital and also generating new assignments for the construction operations.

Sustainability

Together with customers, suppliers and business partners, Skanska aims to lead the development towards a better and more sustainable future. They act forcefully in the transition to a fossil-free society. They also contribute to positive social development by providing prerequisites for secure areas and good living conditions. Skanska's climate targets have been scientifically validated by the Science Based Targets initiative.

Financial objectives

Skanska's updated financial objectives are that the group will achieve an annual return on equity of at least 18% and that the operating margin for construction will be at least 3.5%. In addition, project development will aim to generate an annual return on capital employed of at least 10% and Investment Properties at least 6%. Skanska's target for financial strength is that its adjusted interest-bearing net debt should not exceed SEK 10 billion. Dividend payments should be between 40 and 70% of profit after tax.

SHARE OF LUNDBERGS' HOLDINGS

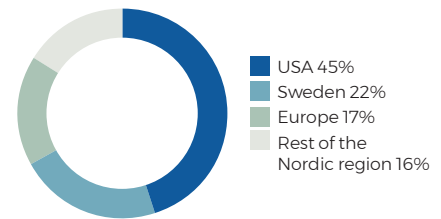
3.4%

Chair Hans Biörck
CEO Anders Danielsson
Board member associated with Lundbergs
 Fredrik Lundberg

LUNDBERGS' HOLDINGS FEB 21, 2023

Number of Series A shares	6,032,000
Number of Series B shares	16,350,000

REVENUES BY MARKET, CONSTRUCTION



KEY FINANCIAL DATA

	2022	2021
Revenues, SEK m.	161,602	147,576
Operating profit, SEK m.	9,297	9,832
Earnings per share, SEK	18.62	19.80
Net debt/equity ratio, multiple	-0.19	-0.28
Average number of employees	28,380	30,051
Dividend per share, SEK	7.50 ¹⁾	10.00 ²⁾
Share price, Series B, Dec 31, SEK	165.00	234.20

¹⁾ The Board of Directors' proposal.
²⁾ Of wich extra dividend of SEK 3.00.

LARGEST SHAREHOLDERS

DEC 31, 2022	share capital, %	voting rights, %
Industrivärden	7.7	24.5
AMF Insurance and Funds	7.5	5.3
Lundbergs	5.3	12.8
Vanguard	3.0	2.1
Blackrock	2.7	1.9

THE SKANSKA SHARE



2022

Annual Report

The Board of Directors and President of L E Lundbergföretagen AB (publ), whose corporate registration number is 556056-8817, hereby submit their Annual Report for fiscal year 2022 for the Group and the Parent Company.

Report of the Board of Directors	48	PARENT COMPANY	
Definitions	57	Income statement	92
GROUP		Statement of comprehensive income	92
Income statement	58	Balance sheet	92
Statement of comprehensive income	58	Statement of changes in shareholders' equity	93
Balance sheet	59	Cash flow statement	93
Statement of changes in shareholders' equity	60	Notes	94
Cash flow statement	60		
Notes	61	Proposed distribution of earnings	99
		Auditors' Report	100

The statutory sustainability report in accordance with the Annual Accounts Act is presented on pages 22-29 and in Notes 39 and 40 on pages 87-91.

Report of the Board of Directors

Lundbergs is an investment company with a portfolio of assets comprising a wholly owned real estate operation and a number of major holdings in publicly traded companies. Two of these publicly traded companies, Holmen and Hufvudstaden, are subsidiaries and are thus consolidated in the financial statements for the Group.

Group

The business consists of real estate operations, forest and power operations, the manufacture and sale of paperboard, paper and sawn timber products, as well as equity management (including securities trading). The Group's operations are described below. Information about the Group's business sectors (Lundbergs, Holmen and Hufvudstaden) is presented on pages 48–52. The Parent Company is described on pages 52–53. The Corporate Governance Report appears on pages 54–57. The Sustainability Report is presented on pages 22–29 and in Notes 39 and 40.

Sales and earnings

Consolidated net sales amounted to SEK 29,193 m. (24,832).

Operating profit amounted to SEK 8,028 m. (17,444), of which profit from participations in associated companies and joint ventures accounted for SEK -1 688 m. (5,814). Unrealized value changes and impairment losses impacted profit by SEK -309 m. (5,222).

Net financial items amounted to an expense of SEK -349 m. (expense: 310).

Profit after financial items totaled SEK 7,679 m. (17,134). Profit after tax was SEK 5,773 m. (14,924). Earnings per share attributable to the Parent Company's shareholders was SEK 6.10 (45.84).

Tax

The Group's tax cost amounted to SEK 1,907 m. (2,211).

Investments

Investments are recognized under the various business sectors and the Parent Company below.

Shareholders' equity

The Group's shareholders' equity increased by SEK 6,774 m. The change primarily comprised profit for the year of SEK 5,773 m., other comprehensive income of SEK 3,547 m. and dividends paid amounting to an expense of SEK 2,437 m.

The Group's shareholders' equity amounted to SEK 153,939 m. (147,165), of which non-controlling interests accounted for SEK 54,120 m. (47,584).

Financing

Interest-bearing net debt decreased by SEK 1,785 m. to SEK 18,210 m. (19,995). Interest-bearing liabilities amounted to SEK 21,143 m. (22,538) and interest-bearing assets to SEK 2,933 m. (2,543). The equity/assets ratio was 73% (73). The debt/equity ratio was 0.12 (0.14).

Information about risks and uncertainties

The manner in which financial risks are managed is determined by the board of directors of Lundbergs, Holmen and Hufvudstaden, respectively. Risk management is conducted in accordance with the finance policy adopted by the boards of the respective companies, with the shared aim of achieving a low level of risk. In all three companies, risk management is centralized in a special depart-

ment. For a more detailed account of the management of financial risks, refer to Note 35 on page 83. Other information about risks and uncertainties is presented under the various business sectors. Information on important accounting assumptions and estimates is presented in Note 34 on page 82.

Business sectors

LUNDBERGS

In this context, Lundbergs is defined as the Parent Company, L E Lundbergföretagen AB, its wholly owned subsidiaries and, where appropriate, their groups of companies active within real estate operations and equity management (securities trading). The operations are divided into two business sectors, Real Estate Operations and Equity Management.

Sales and earnings

Net sales totaled SEK 2,495 m. (2,865) and operating profit was SEK -544 m. (9,882).

Real Estate Operations

Net sales totaled SEK 1,736 m. (1,594) and operating profit was SEK 556 m. (2,966).

The decrease in operating profit was primarily due to unrealized changes in the value of investment properties, which amounted to SEK -450 m. (2,017). The total vacancy rate was 3.7% (3.5).

Investments in investment properties amounted to SEK 461 m. (446), in property projects to SEK 54 m. (269) and in equipment to SEK 2 m. (4). A commercial property in Linköping has been acquired for SEK 238 m. Last year land was acquired for SEK 30 m.

An internal valuation was conducted of the real estate portfolio at December 31, 2022, by assessing the fair value of each individual property. The valuations were based on both the location-price method and the present value of estimated future payment flows.

To confirm this valuation, external valuations were commissioned for part of the real estate portfolio. The external valuations conducted at year-end comprised 38 properties, corresponding to 51% of the internally estimated market value. The external valuations of these properties were SEK 15.2 bn. and the internal valuations were 14.5 bn. The total fair value is estimated at SEK 28,203 m. (27,899). The valuation method and assumptions are described in Note 17 on page 74.

Development properties are recognized in the balance sheet in an amount of SEK 156 m. (142), constituting the lower of the acquisition value and net realizable value. Development properties were sold for SEK 99 m. (58).

Equity management

Net sales totaled SEK 759 m. (1,270) and operating profit was SEK -1,110 m. (6,916), which is mainly explained by significantly lower results from participations in associated companies.

Operating profit includes profit from shares in associated companies amounting to SEK -1,698 m. (5,814), of which

Husqvarna accounted for SEK 146 m. (335), Industrivärden for SEK -2,558 m. (4,921) and Indutrade for SEK 713 m. (557).

During the year, the Parent Company invested a total of SEK 1,143 m. (2,088) in listed shares. The investments consisted of 8,481,915 shares in Alleima for SEK 312 m., 2,000,000 series A shares in Handelsbanken for SEK 189 m., 897,335 series A shares in Hufvudstaden for SEK 114 m., 1,500,000 series C shares in Industrivärden for SEK 383 m., 500,000 shares in Sandvik for SEK 93 m. and 300,000 series B shares in Skanska for SEK 52 m. In addition 6,900,000 shares in Alliema, corresponding to a tax value of SEK 193 m., were received as a dividend from Sandvik. Net investments in shares amounted to SEK 1,137 m. (2,075).

Information about risks and uncertainties

Real estate operations

Changes in the real estate market, such as those that result from economic fluctuations, affect the fair value of the properties, which constitutes both a risk and an opportunity.

Over the short term, opportunities to influence earnings from current operations are limited. Revenues from the commercial premises are regulated by relatively long-term leases, normally three to five years. The residential properties are rented under contracts that apply until further notice, with the tenant entitled to terminate the contract with three months' notice.

Operating expenses are difficult to change over the short term while maintaining service and quality. Profitability, operating activities and new projects are impacted by the business environment and interest rates, and also by political decisions. Accordingly, successful management of the opportunities and risks arising in a real estate company requires a long-term approach and active work to develop existing properties.

Lundbergs' real estate portfolio consists of centrally situated residential and commercial properties. The properties are concentrated mainly in large cities characterized by positive development. Residential properties account for 50% of total rentable space in the real estate portfolio and commercial premises for 50%. The even division between residential and commercial premises adds stability to the operations.

The company works actively to optimize the properties' consumption, thereby reducing operating costs. The company also monitors and controls costs for each individual property.

All properties are covered by full-value insurance.

Equity Management

Share risk pertains to the share-price risk and liquidity risk. Share-price risk pertains to the risk of value loss due to movements in share prices on the stock market. A liquidity risk may arise if a shareholding is difficult to divest. Lundbergs' policy is to hold large shareholdings in a limited number of companies. These shareholdings may change over time. At present, Lundbergs' shareholdings are partly in companies with operations in the same or similar industries. The portfolio focus on certain industries could continue in the future, which could give rise to greater risk exposure to individual industries and/or companies.

Non-financial profit indicators

Lundbergs has collective bargaining agreements with both white-collar and blue-collar employees. Sickness absence and employee turnover are low. There are distinct guidelines for ensuring that no discrimination or unfounded wage differences arise.

The company offers well-maintained and attractively located residential and commercial premises in properties where the focus

is on security and safety. Long-term tenant relations are created through high service standards and personal meetings. All aspects of the company's operations are to be hallmarked by customer value, efficiency and profitability. The work conducted should be systematic with short decision-making routes. Good living and work environments reduce tenant relocation and thus also the use of materials and chemicals.

The company's carbon footprint will be reduced through continuous improvements. The greatest environmental impact derives from use of energy for operating the properties. The business shall be conducted with the least possible negative effect on the environment and the company is working proactively to reduce environmental impact. In close dialogue with energy suppliers, the share of renewable or recycled energy used in the properties will increase.

The work is carried out with clear goals and with high standards of implementation. Long-term investments in energy efficiency are an important part of creating a sustainable future. In order to constantly seek improvements in construction technology and by installing more modern technology, efforts to actively improve the quality of the properties and reduce energy consumption are continuing.

No operations were conducted that require permits or notification in accordance with Chapter 9, Section 6 of the Swedish Environmental Code (1998:808) and the Swedish Environmental Impact Assessment Ordinance (2013:251) during 2022.

Outlook

Because the real estate portfolio is concentrated to central locations in major cities, demand for residential, office and retail properties is stable. However, there is reason to pay attention to the extent to which digitalization is impacting the development of physical retail trade. Since the trend for some time now has been toward smaller spaces for physical retail trade, the company must maintain a high level of preparedness to work with the densification of retail space and to also find alternative uses for such commercial premises. As property owners, Lundbergs must also be good at creating the prerequisites necessary for supporting the stores' requirements.

HOLMEN

Holmen operates in forestry and energy and manufactures paperboard, paper and sawn timber products.

For a more detailed description than provided below, refer to Holmen's 2022 annual report.

Sales and earnings

Net sales amounted to SEK 23,592 m. (19,479).

Operating profit amounted to SEK 7,527 m. (3,731).

Operating profit increased due to higher selling prices for paper and paperboard, while cost inflation was limited by the high level of wood and energy self-sufficiency. Prices for forest properties continued to increase in 2022, which meant that the book value of Holmen's forest assets increased by 11% during the year.

Investments

Investments totaled SEK 1,401 m. (1,775).

Information about risks and uncertainties

Demand for Holmen's products is affected by a number of factors, including macroeconomic and political factors, the output of European producers, changes in imports to Europe and opportunities to profitably export from Europe. Changes in demand for Holmen's

products affect the potential to produce at full capacity in the company's industrial plants and may lead to lower revenue. Revenue could also be impacted if the harvest from own forests has to be limited due to lower demand and to variations in precipitation and wind, which dictate the production of hydroelectric and wind power. Holmen endeavors to maintain a favorable cost position through large-scale production in well-invested production facilities, efficient logistics solutions and effective control over timber supply. Together with long-term customer relations and strong product brands, this increases the potential to maintain high production even under more difficult market conditions.

The market balance in the various product segments dictates the selling price and influences revenues. Holmen has limited opportunities to rapidly implement major changes in its product range in the event of price changes, but it adapts its product focus to the products and markets that are adjudged to have the best long-term prerequisites, and by having a broad customer base and an offering that extends over a number of product areas.

Timber, electricity and chemicals are the principal input materials and price fluctuations impact profitability. Holmen's costs depend on the price trend for input materials and how well Holmen succeeds in increasing its production and administration efficiency. There is a risk that costs will increase in the event of a shortage of raw materials and an elevated price scenario for input goods. Half of the company's timber requirement is covered by the harvesting of own forests, while purchases from private forest owners account for the remainder. Thanks to the integrated production process, Holmen is largely in balance in respect of pulp. Paperboard operations generate almost all of the electricity needed by Holmen's own mills, while external purchases account for paper production needs. Physical fixed-price agreements and financial hedges are used to manage the price risk associated with this consumption. At the same time Holmen sells hydro and wind power electricity to the electricity grid.

Holmen operates in a global market and sells products to a large number of countries worldwide. Due to this geographical reach, Holmen is exposed to political risks, conflicts, natural disasters, epidemics and pandemics.

Holmen's earnings are affected by changes in exchange rates. The risk associated with transaction exposure pertains to considerable amounts of sales in currencies other than the cost currency. The risk associated with translation exposure derives from translation of the non-Swedish subsidiaries' assets, liabilities and earnings to SEK. To reduce the impact on earnings of changes in exchange rates, net flows are hedged using currency forward contracts.

Holmen insures its plants at replacement value and has business interruption insurance covering unforeseen events. The group has liability insurance that also covers sudden, unexpected environmental damage that affects a third party. Holmen's forest holdings are spread over large parts of Sweden and the risk of significant damage occurring at the same time is considered low, which explains why the group's forest holdings are not insured.

Holmen's right to actively manage its own forest is essential to maintaining its value. There is a risk that demands to reserve certain areas for purposes other than forestry will increase in the future. Such a development could potentially have a negative impact on the value of Holmen's forest assets, and could also entail that forestry methods may need to be modified, which could reduce the harvest and increase costs. The active management of

forests and land is regulated, both nationally and at the EU level. To be able to conduct active and sustainable forestry, it is vital that laws do not inhibit the prerequisites for sustainable operations. Holmen participates in national and international industry organizations to influence relevant political and regulatory issues.

During the year, the right to actively manage forests in line with Swedish laws and regulations was questioned in the EU. Holmen has actively participated, both on its own behalf and through industry organizations, in the debate in order to influence the EU's standpoint, in part by illuminating the positive climate effects of actively managed forests.

Non-financial profit indicators

Employees

Holmen's values of courage, commitment and responsibility are the path to a strong culture and the answer to how to ensure good performance while making each other and Holmen better. The values guide employees in their relationships with each other, in their relationships with customers and in their approach to work. The values are integrated into processes and tools, such as in the recruitment process, employee performance dialogues, in the management-by-objectives model and as a foundation for internal leadership and employee programs. The values play an active role in day-to-day work.

To maintain competitiveness over time, attracting and retaining the right employees is of the utmost importance. Holmen thus ensures that it continues to be an operation in which innovativeness and development are in focus. Employees are developed at all levels, on the basis of their current and future expertise requirements. Development programs are offered to new and more experienced managers as well as to specialists driving change processes.

Holmen has a zero vision for industrial accidents.

Environment

Environmental and energy considerations are a natural feature of Holmen's production and investment planning. Operations are characterized by resource-efficient utilization of renewable raw materials and energy, and protection of the environment in accordance with the prudence principle. To the extent possible, energy, chemicals and fibers are recycled to minimize the environmental impact of production.

Holmen's environmental activities are characterized by continuous improvement efforts – conducted within the framework of certified environmental and energy management systems – that ensures compliance with legislation and regulatory requirements. The plants' environmental impact mainly arises from emissions to air and water.

Holmen conducts production operations at nine plants that require environmental permits. Permits include specifications of terms for permitted production volumes as well as permissible emissions to air and water.

At the end of 2022, all operations at Holmen's production facilities were ISO 45001 certified, apart from the Byggsiljum and Krok-sjön sawmills, which were acquired in 2020. Work is ongoing to include the production facilities in other sawmill certificates. All of Holmen's facilities at which wood raw material is used have chain-of-custody certification.

Outlook

Despite a weakened market for wood products, demand for timber remains good. There is intense competition for pulpwood now that sanctions have put a stop to exports from Russia. Holmen's strong position on the timber market, with good control over raw materials, is particularly valuable in times of uncertainty.

The paperboard market is expected to see continued growth, but it may be affected in the short term in case of economic slowdown.

Its well-invested facilities and access to fossil-free electricity and local wood make Holmen highly competitive and the company continues to develop book and magazine paper and expand into new packaging segments.

There is some uncertainty about how rising interest rates will affect the construction industry and consequently the demand for wood products. With its strong position on the timber market, Holmen envisages good opportunities to develop its wood products business as demand for sustainable building materials increases.

Holmen's production capacity for renewable energy increased by 40% during the year. There is great potential for constructing further wind power on the company's own land, although cumbersome permitting processes are hampering the pace of development.

HUFVUDSTADEN

Hufvudstaden's operations comprise the ownership and management of commercial office and retail properties in central Stockholm and central Gothenburg.

For a more detailed description than provided below, refer to Hufvudstaden's 2022 annual report.

Sales and earnings

Net sales totaled SEK 2,746 m. (2,488). The operating result was SEK 1,089 m. (3,865), whereby the decrease was mainly attributable to negative unrealized changes in value of properties that include a significant proportion of stores and restaurants. The result before unrealized value changes increased by SEK 12 m.

The total year-end vacancy rate was 7.0% (7.3).

Investment properties

During the year, SEK 966 m. (574) was invested in existing properties and SEK 52 m. (55) in other fixed assets.

An internal valuation was conducted of the real estate portfolio at December 31, 2022, by assessing the fair value of each individual property. The value was established through utilization of a variation on the location-price method termed the net capitalization method. This method means that the market's yield requirement is placed in relation to the properties' net operating income. To confirm this valuation, external valuations were commissioned of nine properties, corresponding to 43% of the internally estimated market value. The external valuations of these properties were SEK 21.9 bn. Hufvudstadens internal valuation of the same properties were SEK 21.3 bn.

The fair value is estimated at SEK 49,547 m. (48,790). The valuation method and assumptions are described in Note 17 on page 74.

Information about risks and uncertainties

Over the short term, Hufvudstaden's opportunities to influence earnings from current operations are limited. Revenues are regulated by relatively long-term leases, normally three to five years, while operating expenses are difficult to change over a short-term while maintaining service and quality.

Hufvudstaden's profitability and operations are impacted mainly by macroeconomic factors, such as the economy and interest rates, as well as political resolutions.

Higher yield requirements, lower market rents, increased vacancy rates and higher property expenses are risks that could lead to reduced property values. However, the properties' concentration in the most attractive commercial locations limits this risk.

Activity in the office rental market gradually increased during the year in both Stockholm and Gothenburg. Remote working has made it clear that the office fulfills an important function as a meeting place for building corporate culture, shaping creative processes and doing business. Hufvudstaden's offices in central locations with good communications and proximity to service, stores, restaurants and culture are expected to benefit from this.

The pandemic has hastened change in consumer behaviours, thereby accelerating the growth of e-commerce. The relatively rapid recovery in the autumn in terms of sales in our marketplaces shows that properties that offer consumers attractive meeting places and retail spaces with unique shopping experiences have good possibilities to respond to changed consumer behaviors in the future as well.

Non-financial profit indicators

Hufvudstaden strives for a long-term approach and sustainability. Being an honest and reliable business partner facilitates good stakeholder relations. The aim is to have satisfied customers and to try to facilitate, inform and – together with customers – promote a more sustainable society. In addition, responsible enterprise is a prerequisite for achieving the UN's Sustainable Development Goals. The construction and maintenance industries are subject to elevated risks in terms of both occupational health and safety and the environmental. Several of these risks fall outside Hufvudstaden's employer responsibility, and rest primarily with contractors that work for the company. The industry is also facing challenges involving human rights, bribery and corruption, which could impede sustainable development. Hufvudstaden is proactive in efforts to reduce risks involving occupational health and safety, the environment, crimes against human rights, bribery and corruption.

Outlook

Hufvudstaden will continue to optimise the profitability of the day-to-day property management. The customer offering will remain relevant and attractive going forward. The well-established business concept stands firm, but the company will be attentive and develop the business according to new behaviors and needs, both for offices and retail.

Interest in high flexibility and a high level of service is growing in the office market. To address the changed demand, the office concepts was broadened to include Cecil Coworking. The offer is in three concepts: Own offices, REDO and Cecil Coworking.

Our marketplaces will continue to be developed to offer unique environments and shopping experiences. NK Retail's acquisition of the NK business from Departments & Stores will contribute to further enhance NK's customer offering, both in NK department stores and within NK e-commerce. Bibliotekstan is today a very strong marketplace in the premium and luxury segment. The work to establish new Swedish and international brands will continue to further strengthen the area.

Current and planned development projects amount to approximately SEK 3 bn. at the present time. The Vildmannen 7 property

will be completed in 2023, thus strengthening both Bibliotekstan and Hufvudstaden's cash flow.

The Johanna project in Gothenburg, one of Hufvudstaden's largest development projects ever, began in 2022. Hufvudstaden will contribute to reducing man's carbon footprint and the sustainability work has ambitious goals which permeate the entire operation. The pandemic has likely accelerated social changes, but Hufvudstaden are convinced that people still want and need to meet in the future, both professionally and socially. Offices, stores and restaurants in centrally located properties in the two largest cities in Sweden are therefore still considered attractive. The conditions for a positive earnings development are still considered good.

Parent Company

The Parent Company is an investment company that owns, manages and develops companies.

Net profit for the year amounted to SEK 2,724 m. (2,544). Profit includes dividends of SEK 2,856 m. (2,833).

Net investments in publicly traded shares amounted to SEK 1,143 m. (2,088).

For company information regarding L E Lundbergföretagen AB, refer to Note 2 on page 65.

Board of Directors' motion for guidelines concerning executive remuneration

The 2020 Annual General Meeting (AGM) decided the following guidelines for terms and conditions of employment for the President and CEO, the Executive Vice President and other senior executives of L E Lundbergföretagen AB who report directly to the President and CEO. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2020. These guidelines do not apply to any remuneration decided or approved by the AGM.

Remuneration for board work in publicly traded subsidiaries, and for Board members and senior executives in L E Lundbergföretagen AB are resolved by the AGMs of the various subsidiaries.

Remuneration to members of the Board for operational work in the wholly owned unlisted subsidiary Lundbergs Fastigheter is payable in accordance with these guidelines, whereby targets and criteria for variable remuneration must be related to Lundbergs Fastigheter's operations, in a corresponding manner to what applies to employees of L E Lundbergföretagen AB.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Lundbergs' strategy is to achieve a healthy return and value growth by being an active owner in the portfolio companies, investing according to clear criteria having a strong financial position that creates freedom of action. For further information about the company's business concept and strategy, please visit the company's website.

A prerequisite for successful implementation of the company's business strategy and achievement of the company's long-term interests, including its sustainability, is that the company is able to attract the right employees. To this end, it is necessary that the company offers competitive remuneration. The intention of these guidelines is to give Lundbergs prerequisites to recruit and retain qualified employees.

Types of remuneration, etc.

Remuneration of senior executives may consist of fixed salary, variable remuneration, other benefits and pension. The total remuneration should be competitive in the market and be proportionate to each executive's performance, responsibility and authority. No remuneration is to be provided in the form of options or other share-based incentive programs.

The criteria for variable cash remuneration shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by, for example, being clearly linked to the business strategy or promoting the executive's long-term development. The criteria can be financial or non-financial and may constitute individualized, quantitative or qualitative objectives.

For senior executives employed by L E Lundbergföretagen AB, any variable remuneration must be connected to predefined and measurable criteria whose fulfillment must be measured annually and be capped at three months' salary, corresponding to 25% of fixed annual cash salary. The variable remuneration is to be 50-100% based on financial objectives related to operational performance and 0-50% based on operational objectives related to customer satisfaction, measured in the operations of the wholly owned unlisted Lundbergs Fastigheter.

For the Executive Vice President (who is employed by the wholly owned unlisted L E Lundberg Kapitalförvaltning AB), any variable remuneration is to be based on the results of activities in L E Lundberg Kapitalförvaltning AB, whereby the remuneration will be capped at approximately 15% of reported earnings over time. The remuneration amount is to cover social security contributions and other payroll expenses that are incurred on the payment. The remuneration will be divided into two rounds so that half of accrued remuneration for the first year will be disbursed in January of year two and the remainder will be disbursed in January of year three. Should the remuneration-based result be negative in year two, this will be deducted from the remaining remuneration for year one, which was intended to be disbursed in January of year three. If, after the deduction, the remuneration-based result continues to be negative, this will be deducted from future remuneration-based results until such time as the accumulated result is no longer negative.

Other benefits may include medical insurance and company cars. Such benefits may amount to not more than 10% of the fixed annual cash salary.

Pension benefits for the President and other senior executives apply from age 65, with benefits corresponding to the ITP plan. Pensions must be defined-benefit or defined-contribution. Should the ITP plan entail that the pension of a senior executive is defined-contribution, the premiums must not significantly exceed what is stipulated in the ITP plan, currently 30% of fixed cash salary. Variable remuneration will not qualify for pension benefits, with the exception of the cases that result from the regulations of the Swedish ITP plan.

Salary during notice period and severance pay

Upon termination of an employment, the notice period may not exceed 12 months. During the period of notice, the combined value of cash salary during the notice period and severance pay may not exceed an amount corresponding to fixed cash salary for two years. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

Decision-making process to determine, review and implement the guidelines

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time in the Board of Directors' decision basis when evaluating whether the guidelines are reasonable.

The Board has considered the matter of whether to establish a remuneration committee but has decided not to establish one and to instead address this matter within the framework of regular Board work. This means that the entire Board of Directors, apart from the CEO, fulfill the duties that fall upon a remuneration committee, including monitoring and evaluating programs for variable remuneration of Executive Management Team, the application of guidelines for executive remuneration and applicable remuneration structures and remuneration levels in the company.

The CEO and other members of the Executive Management Team do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it for resolution to the AGM. The guidelines shall be in force until these new guidelines have been adopted by the AGM.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for the evaluation insofar as it concerns variable remuneration to the CEO, and for variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company concerned.

Derogation from the guidelines

The Board shall be entitled to partly or fully deviate from the guidelines if there is special reason to do so in an individual case and such deviation is necessary to satisfy the company's long-term interests, including its sustainability, and to safeguard the company's financial solidity.

Other information

For guidelines concerning senior executives of the publicly traded subsidiaries Holmen AB and Hufvudstaden AB, refer to their respective annual reports.

Share information

The year-end share capital of L E Lundbergföretagen AB (publ) amounted to SEK 2,480 m. The total number of shares was 248,000,000, each with a quotient value of SEK 10. The shares are divided into 96,000,000 Series A shares, carrying ten votes per share, and 152,000,000 Series B shares, carrying one vote per share. At the request of owners of Series A shares, it will be possible to convert Series A shares into Series B shares.

The Articles of Association do not impose any limitations on share transfers. There is no limitation on the number of votes each shareholder is entitled to cast at the AGM. The largest shareholder is Fredrik Lundberg (including companies and spouse), who owns a total of 40.76% of the share capital and 70.60% of the voting rights. Fredrik Lundberg is followed by Louise Lindh (including family) and Katarina Martinson (including family), who each own 14.79% of the share capital and 11.39% of the voting rights. The holdings of all other respective shareholders amounted to less than 10% of the voting rights.

Employees do not have any shareholdings through pension funds or other pledges.

The Articles of Association stipulate that, in addition to members appointed by an authority other than the AGM, the Board of Directors shall comprise a minimum of five and maximum of ten members, with a maximum of three deputies. Members and deputy members are elected at the AGM.

Fredrik Lundberg (including companies), Louise Lindh and Katarina Martinson have entered into a shareholder agreement under which, for example, constraints are placed on the transfer of shares should a party other than Fredrik Lundberg (including companies) wish to reduce their holding of Series A shares. Otherwise, there are no known agreements that would be affected by a public takeover offer.

Repurchase of own shares

The AGM on April 6, 2022 resolved to renew the Board's authorization to make decisions regarding the buyback of up to 10% of the company's Series B shares. The authorization was not exercised, however. The Board proposes that the 2023 AGM also authorize the Board to buy back up to 10% of the company's Series B shares.

Sustainability Report

The Sustainability Report according to Chapter 6, Section 11 of the Annual Accounts Act is available on pages 22-29 and Notes 39 and 40 of the Annual Report.

Corporate governance report

Introduction

Corporate Governance in L E Lundbergföretagen AB is based on, inter alia, the Articles of Association, the Swedish Companies Act, the rules and regulations for issuers as published by Nasdaq Stockholm (the Exchange), the Swedish Code of Corporate Governance (available at www.bolagsstyrning.se) ("the Code") and other applicable laws and regulations. The Code is a form of self-regulation within Swedish industry based on the "comply or explain" principle, whereby companies that apply the Code may deviate from individual rules but, in such cases, must explain the reason for each deviation, while also describing the solution adopted instead.

Division of responsibilities

The shareholders exercise their influence over L E Lundbergföretagen AB at the AGM, which is the highest decision-making body in the company, while responsibility for the management and control of the company rests with the Board of Directors and the President, in accordance with the Swedish Companies Act, other laws and regulations, pertinent rules for stock market companies, the Articles of Association and the Board's internal control instruments.

Shareholders

In February 2023, the company had 58,192 shareholders. The ten largest owners had total holdings corresponding to 77.5% of the share capital. Foreign investors owned about 8.3% of the share capital. For further information, refer to Share information.

Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body in L E Lundbergföretagen AB. The AGM, which is held in Stockholm or Norrköping within six months of the close of the fiscal year, adopts the income statement and balance sheet, passes resolutions regarding dividends and the discharge of Board members and the CEO from personal liability, elects members of the Board and approves their fees, and, when applicable, elects auditors and approves their fees, while dealing with other statutory matters and making resolutions on guidelines for remuneration of senior executives and on other proposals submitted by the Board of Directors and shareholders.

All shareholders who are listed in the share register on a given record day, and who have notified the company of their intention to participate in the meeting within the allotted time period, are entitled to participate in the meeting and exercise voting rights equal to the total number of shares they hold. Shareholders may participate via proxy. To be able to exercise their voting rights at the AGM, shareholders whose shares are trustee-registered must temporarily re-register their shares in their own name in accordance with the terms in the notification of the AGM.

The 2022 AGM was held on April 6, 2022 without the physical presence of shareholders, representatives or external parties, due to the COVID-19 pandemic.

The shareholders were able to exercise their voting rights solely through advance postal voting in accordance with Section 22 of the Swedish Act (2020:198) on temporary exemptions to facilitate the execution of shareholders and association meetings.

The annual accounts and auditors' report, as well as the consolidated financial statements and auditors' report on the consolidated financial statements, were presented at the meeting.

The AGM resolved to adopt the presented income statement and balance sheet and the consolidated income statement and

consolidated balance sheet and to pay a dividend of SEK 3.75 per share to the shareholders. The AGM discharged the Board members and the President and CEO from liability and resolved on the fees to be paid to Board members and auditors. In addition, the auditor and the Board members, who has not declined re-election, was re-elected for a term until the end of the next AGM.

Finally, the AGM resolved to adopt the remuneration report for 2021 and to authorize the Board to decide on the acquisition of treasury shares.

Official notification of the AGM is to take the form of an announcement in Post- och Inrikes Tidningar and on the company's website. The fact that notification has been sent is to be announced in Dagens Nyheter. Notification of the AGM and of extraordinary general meetings that will address amendments to the Articles of Association must be provided no earlier than six weeks and no later than four weeks prior to the meeting.

Nomination committee

In view of the composition of shareholders, it has not been deemed necessary to appoint a nomination committee. Accordingly, proposals for the election of a Chairperson for the AGM, elections of Board members and, when appropriate, of the auditors, as well as proposals concerning the remuneration to be paid to Board members and the auditors are submitted by the company's major shareholders and presented in the official notification of the AGM and on the company's website. On this point, the company does not comply with the rules of the Code concerning nomination committees.

Board of Directors and its work

Composition of the Board

In accordance with the Articles of Association, the Board of Directors shall consist of not less than five and not more than ten members, and a maximum of three deputy members elected by the AGM for the period extending to the next AGM. L E Lundbergföretagen AB's Board of Directors, which was elected by the 2022 AGM, consists of eight members, including the President and CEO.

Mats Guldbrand, Chair of the Board, was formerly Equity Manager at AMF Pension, among other positions. Carl Bennet is CEO and Chair of the Board of Carl Bennet AB, and Chair of the Board of Lifco. Louise Lindh is CEO of Fastighets AB L E Lundberg. Fredrik Lundberg is President and CEO of L E Lundbergföretagen AB. Katarina Martinson is the Chair of Indutrade and a Board member of Husqvarna and Industrivärden, and has previous experience within such areas as investment strategy and macroeconomics. Sten Peterson is Vice Chair in Fastighets AB L E Lundberg and Förvaltnings AB Lunden and he was previously CEO of Förvaltnings AB Lunden. Lars Pettersson has, among other positions, served as President and CEO of Sandvik. Bo Selling is the Chair of Sydholmarna Kapitalförvaltning and has previous experience of equity management from such positions as Equity Manager at Alecta. For a presentation of the assignments currently performed by the Board members, refer to Board of Directors on page 104.

All of the members of the Board, with the exception of Fredrik Lundberg (in his capacity as President and CEO), Louise Lindh (in her capacity as President of the wholly owned subsidiary Fastighets AB L E Lundberg) and Sten Peterson (in his capacity as Vice Chair of Förvaltnings AB Lunden, in which Fredrik Lundberg is Chair of the Board and majority shareholder), are regarded as being independent in relation to the company. In addition, all of the Board members, apart from Louise Lindh, Fredrik Lundberg,

Katarina Martinson and Sten Peterson, are regarded as being independent in relation to the company's major shareholders. Accordingly, the Board complies with the independence requirements imposed in the Code. However, the composition of the Board does deviate from the Code in respect of rule 4.3 in that two of the Board members are senior executives of the company and the company's subsidiary, respectively. This deviation is motivated on the grounds that it is suitable that the Board's composition reflects ownership conditions in the company.

As previously stated the company's major shareholders submit proposals regarding, for instance, the election of the Board of Directors. The major shareholders have applied Rule 4.1 of the Code as the company's diversity policy, which entails that the Board of Directors is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances, that the Board members elected by the AGM are to exhibit diversity and a breadth of qualifications, experience and background, and that the company is to strive to achieve a balanced gender distribution. The 2022 AGM resolved in accordance with the proposal of the major shareholders, meaning that eight Board members were elected, including two women and six men. Accordingly, gender distribution on the Board is relatively good, with women accounting for 25.0%.

A corresponding assessment and application were carried out when preparing the proposals for the 2023 AGM, which resulted in the proposal regarding the Board of Directors presented in the notification of the AGM. The proposal of the major shareholders entails that nine Board members are to be appointed, including three women and six men, corresponding to 33.3% women.

Chair

At the 2022 AGM, Mats Guldbrand was elected Chair of the Board. The Chair organizes and directs the Board's efforts to ensure that the work is conducted effectively and in compliance with the Swedish Companies Act, other laws and regulations, pertinent rules for stock market companies (including the Code) and the Board's internal control instruments. The Chair monitors the operations in dialogue with the President, is responsible for ensuring that other Board members receive satisfactory information and appropriate decision-making documentation and passes on any opinions from the shareholders to the Board. The Chair is responsible for keeping Board members up to date and broadening their knowledge of the company and otherwise providing whatever training might be required for them to effectively conduct their Board work. To assure the quality of the work conducted by the Board of Directors, and to ascertain potential requirements of additional expertise and experiences, the Chair, pursuant to the Rules of Procedure for the Board, annually performs an assessment of the Board's work. The Chair has held individual discussions with the various Board members to gain an understanding of their views on how the work of the Board is conducted and the type of measures that could be implemented to increase its efficiency. The results of the evaluation have been discussed by the Board as a whole.

Board of Directors' work

The Board of Directors establishes written working procedures every year that regulate the Board's work agenda and its internal division of duties, decision-making priorities within the Board, the Board's meeting procedures and the Chair's duties. In addition, the Board has issued a finance policy, an information policy and

written instructions regarding the allocation of responsibilities between the Board and the President.

The Board monitors the President's work through continuous efforts to follow up operations during the year, assumes responsibility to ensure that the organization, management and guidelines for administration of the company's business are suitably designed and ensures that satisfactory internal controls are in place. The Board is also responsible for the development of and ensuring compliance with the company's strategies through plans and goals, decisions regarding acquisitions and divestments of business operations, major investments and remuneration of the President, in accordance with the guidelines for remuneration of senior executives that were resolved by the AGM. Once annually, the Board addresses the evaluation of the CEO's work, during which no member of company management is present. The Board of Directors also approves any significant assignments that the CEO may have outside the company.

In accordance with the applicable working procedures, the Board holds at least four scheduled meetings and one statutory meeting per year. Whenever required, unscheduled meetings are held to address special items. Six meetings of the Board were held during 2022. The Board focused special attention on strategic and financial issues, issues relating to the economy, investment issues and accounting issues during the year. Presentations were also made at every scheduled Board meeting regarding the business development of Lundbergs Fastigheter and L E Lundberg Kapitalförvaltning AB and of the portfolio companies.

Attendance at Board meetings during the year was very high. All Board members were present at all Board meetings. The Group's CFO participates in Board meetings, as does the Board's secretary, who is a lawyer that is independent of the company. Other senior executives also participate in Board meetings to present special issues or whenever deemed appropriate.

Remuneration of the Board

Fees paid to the elected members of the Board are resolved on by the AGM based on proposals submitted by the company's largest shareholders. At the 2022 AGM, it was resolved that fees to the Board for the period extending from the 2022 AGM to the 2023 AGM would total SEK 2,700,000, of which SEK 900,000 to the Chair of the Board. Each of the other Board members elected by the AGM, with the exception of the President, will receive a fee of SEK 300,000. Any further remuneration paid to any member of the Board, including the President, is outlined in the consolidated financial statements, Note 5.

Audit Committee

The Board has considered the matter of whether to establish an Audit Committee and decided not to. Instead, the Board as a whole fulfills the responsibilities otherwise assigned to an audit committee. This works well and means that the entire board has full transparency in and actively take part in these important tasks. During 2022, the Board thus monitored the system for internal control of financial reporting. This monitoring is intended to ensure the efficiency of the operations, their compliance with laws and regulations and the reliability of the financial reporting. The Board has reviewed and evaluated the procedures for financial accounting and reporting and followed this up with evaluations of the work performed by the external auditors, their qualifications and independence. The Board also provides Group management with

identification and evaluations of the primary risks to which the operations are exposed and ensures that management focuses on efforts to address these risks. During 2022, the Board conducted two reviews with, and received reports from, the company's external auditors, once without the attendance of President or other members of company management. The reports by the auditors did not necessitate any special actions by the Board.

Remuneration Committee

Matters involving remuneration and other terms of employment for the President are prepared by the Chair of the Board. Decisions on such matters are made by the Board of Directors without the participation of the President. Remuneration and other terms of employment for other executives are negotiated and agreed upon with the President. The Board also monitors and evaluates all programs for variable remuneration of senior executives. The Board monitors and evaluates compliance with the guidelines for remuneration of senior executives adopted by the AGM and applicable remuneration systems and remuneration levels in the company. The matter of whether to establish a Remuneration Committee has been considered by the Board, which has concluded that the means of preparation and the division of competencies that are applied in respect of remuneration are appropriate and sound. Accordingly, the Board has not found any reason to change its position on the matter, even if this constitutes a deviation from the Code's rules in that one Board member who is a member of company management participates in this work.

Company management

The President manages and ensures that business operations are conducted in compliance with the Swedish Companies Act, other laws and regulations, pertinent rules for stock market companies, the Articles of Association and the Board's internal control instruments, as well as in accordance with the objectives and strategies established by the Board. In consultation with the Chair of the Board, the President prepares required information and decision-making documentation prior to Board meetings, presents the issues and provides justification for proposals. President and CEO Fredrik Lundberg, born 1951, has degrees in engineering and business administration and is a Doctor of Economics and a Doctor of Engineering. Fredrik Lundberg is Chair of the Board of Lundbergs Fastigheter, Holmen, Hufvudstaden and Industrivärden, Deputy Chair of Handelsbanken and Board member of Skanska. Through direct ownership and companies, Fredrik Lundberg and his spouse held 76,000,000 Series A shares and 25,086,000 Series B shares in the company, or a total of 101,086,000 shares, at December 31, 2022.

Remuneration of the President and other senior executives

The 2020 AGM resolved on guidelines for the remuneration of senior executives. The guidelines are described in greater detail on pages 52-53. The company has no outstanding share-based or share-price-related incentive programs.

Active ownership

L E Lundbergföretagen AB is an active owner of its portfolio companies. In each of these companies, the company is represented through one or more of the positions of President, Executive Vice President or Board member of L E Lundbergföretagen AB. Active ownership is also exercised through representation on the nomination committees of the portfolio companies.

Internal audit

The company has a simple legal and operating structure and a carefully formulated control and internal audit system. The Board monitors the company's evaluations of its internal control through contacts with the company's auditors and other means. In view of the information presented above, the Board has decided not to establish a special internal audit function.

Auditors

According to the Articles of Association, the company must have two auditors with or without deputies, or alternatively a registered public accounting firm. At the 2022 AGM, PricewaterhouseCoopers AB was elected the company's audit firm for a term of office of one year. Authorized Public Accountant Magnus Svensson Henryson is auditor-in-charge. Other major assignments performed by Magnus Svensson Henryson include Holmen, Hufvudstaden, Bure Equity and Alleima.

The audit is reported to the shareholders in the form of an audit report that constitutes a recommendation to the shareholders ahead of items of business at the AGM concerning adoption of the income statement and the balance sheet for the Parent Company and the Group, the disposition to be made of the profit in the Parent Company and the discharge of the members of the Board and the President from liability for their administration during the preceding fiscal year. The auditors duties include checking compliance with the Articles of Association, the Swedish Companies Act and the Annual Accounts Act, and with International Financial Reporting Standards (IFRS), matters involving valuation of balance sheet items and follow-ups of significant accounting processes and of the management of the company and financial control.

In addition to the audit assignment, the company has also consulted PricewaterhouseCoopers AB in other matters. The amounts of remuneration paid to PricewaterhouseCoopers AB are presented in Note 6 on page 68. In its capacity as auditor of L E Lundbergföretagen AB and its subsidiaries, PricewaterhouseCoopers AB is obliged to verify its independence before deciding to conduct other assignments.

Articles of Association

The Articles of Association include established directives concerning the company's business operations, the number of Board members and auditors, instructions for the official notification of the AGM, business for discussion at the AGM and where the AGM should be held. For more information about the current Articles of Association as adopted by the 2021 AGM, refer to the company's website, www.lundbergforetagen.se, under Corporate Governance/Articles of Association.

Information

Lundbergs' information to shareholders and other interested parties is provided via the Annual Report, year-end and interim reports, press releases and the company's website, www.lundbergforetagen.se. The website also includes information about corporate governance. The company's disclosure of information complies with an information policy adopted by the Board.

Internal control and risk management concerning the financial reporting for the 2022 fiscal year

The Swedish Annual Accounts Act stipulates that the Board must annually submit a description of the principal elements of the company's system for internal control and risk management with regard to financial reporting.

Control environment

The control environment forms the foundation for the internal control of financial reporting. The company's internal control structure is based on a distinct division of responsibilities and work between the Board of Directors and the President, as well as within the business operations. Policies and guidelines are documented and evaluated continuously by management and the Board of Directors. These control documents, and carefully prepared process descriptions are communicated via established information and communication paths and are thus made available and known to the employees concerned.

Risk assessment

The company identifies, analyzes and takes decisions on the handling of the risk that errors could arise in financial reporting. The Board addresses the outcome of the company's risk-assessment and risk-management processes, in order to ensure that they cover all significant areas and, wherever required, identifies necessary actions. The company's largest operational risks are related to property valuation and financial transactions (primarily with respect to holdings of publicly traded shares).

Control measures

Based on the completed risk assessment, the company has established a number of control measures. These measures are of a preventive nature, meaning that they are designed to avoid losses or errors in financial reporting, and of an investigative nature. Another aim of the controls is to ensure that errors are corrected. Examples of processes with carefully prepared control measures are new builds, refurbishment, maintenance and leasing activities within real estate management, and securities handling within equity management.

Information and communications

At an overall level, internal information and external communication activities are governed by, for example, an information policy. Internal communications to and from the Board of Directors and management occur through, for example, regular information meetings arranged by management. Another important communication channel is the company's intranet, through which all employees have access to up-to-date information.

Internal policies, guidelines, instructions and equivalent documents that control and support business operations are also published on the intranet.

Follow-up

The company continuously evaluates the internal controls concerning financial reporting and the reporting to the Board of Directors. This is primarily done by asking questions and taking part of the work of the controller function. The Board receives quarterly reports of financial results, including management's comments on business operations. At every Board meeting, the financial situation is addressed. The company's auditors participate in Board meet-

ings on two occasions annually and provide information about their observations of the company's internal procedures and control systems. On these occasions, the members of the Board have an opportunity to ask questions. On an annual basis, the Board takes decisions on significant risk areas and evaluates the internal controls.

Proposed dividend and distribution of earnings

The Board of Directors has proposed a dividend of SEK 4.00 per share, or a total of SEK 992 m. The Board's proposal concerning the distribution of earnings is presented in its entirety on page 99.

Definitions

Adjusted profit after financial items

Profit after financial items not including impairment losses or unrealized changes in value.

Cash and cash equivalents

Cash and bank balances and short-term investments (maximum of three months).

Earnings per share

Net profit after tax divided by the average number of shares outstanding.

Interest-bearing assets

Interest-bearing receivables, short-term investments and cash and bank balances.

Interest-bearing net debt

Interest-bearing liabilities and interest-bearing provisions less interest-bearing assets.

Taxes

Current and deferred tax.

Debt/equity ratio

Interest-bearing net debt divided by total shareholders' equity.

Equity/assets ratio

Shareholders' equity expressed as a percentage of total assets.

Vacancy rate

The total possible rental revenues less actual rental revenues during the year as a percentage of the total possible annual rental revenues.

Income statement

GROUP, SEK m.	Note	2022	2021
Net sales, etc.	3	29,193	24,832
Other revenues, etc.	4	3,259	1,443
		32,452	26,275
Raw materials, consumables and cost of sold inventory shares		-11,615	-10,709
Personnel costs	5	-3,461	-3,257
Other external costs	6	-6,064	-4,461
Depreciation	7	-1,391	-1,304
Impairment losses	14	-87	
Results from participations in associated companies and joint ventures	8	-1,688	5,814
		-24,307	-13,916
Changes in value of investment properties and derivatives	9	-626	4,622
Changes in value of biological assets	10	509	464
Operating profit	11	8,028	17,444
Financial income	12	15	9
Financial expense	12	-364	-320
Net financial items		7,679	17,134
Tax	13	-1,907	-2,211
Net profit for the year		5,773	14,924
Attributable to			
Parent Company's shareholders		1,514	11,367
Non-controlling interests		4,259	3,556
		5,773	14,924
Earnings per share attributable to the Parent Company's shareholders, SEK (there is no dilution effect)		6.10	45.84

Statement of comprehensive income

GROUP, SEK m.	Note	2022	2021
Net profit for the year		5,773	14,924
Other comprehensive income			
<i>Items that cannot be transferred to profit or loss</i>			
Revaluation of forest assets		4,373	3,345
Financial assets measured at fair value		-3,048	3,071
Revaluation of defined-benefit pension plans		37	-7
Tax attributable to items that cannot be transferred to profit or loss	13	-604	-1,202
Proportion of other comprehensive income in associated companies		63	55
		821	5,262
<i>Items that can be reversed to profit or loss</i>			
Cash flow hedging			
Revaluation of derivatives		6,560	182
Transferred to profit or loss		-3,507	349
Transferred to fixed assets		-16	-27
Translation difference on foreign operations		72	180
Hedging of currency risk in foreign operations		-28	-39
Tax attributable to items that can be reversed to profit or loss	13	-612	-97
Proportion of other comprehensive income in associated companies and joint ventures		257	133
		2,726	681
Other comprehensive income after tax		3,547	5,943
Total comprehensive income		9,319	20,866
Attributable to			
Parent Company's shareholders		1,142	15,197
Non-controlling interests		8,178	5,669
		9,319	20,866

Balance sheet

GROUP, SEK m.	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets			
Intangible fixed assets	14	604	726
Tangible fixed assets	15	10,216	9,767
Forest assets	16		
Biological assets		29,867	29,204
Forest land		22,284	17,876
Investment properties	17	77,749	76,688
Right-of-use assets	18	931	929
Participations in associated companies and joint ventures	2, 19	33,989	35,963
Financial investments	20, 35	16,979	19,381
Other shares and participations		2	2
Long-term financial receivables	21, 35	122	292
Deferred tax assets	13	2	3
Total fixed assets		192,747	190,832
Current assets			
Properties classified as current assets	22	156	142
Inventories	23	5,913	4,980
Accounts receivable	24	2,980	2,443
Tax receivable	13	589	70
Other operating receivables	24	6,559	1,802
Current financial receivables	21, 35	21	39
Cash and cash equivalents	21	2,790	2,211
Total current assets		19,008	11,686
TOTAL ASSETS		211,755	202,518
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	26	2,480	2,480
Reserves	27	13,358	13,813
Earnings brought forward, including net profit for the year		83,981	83,288
Shareholders' equity attributable to Parent Company shareholders		99,819	99,581
Non-controlling interests	2, 28	54,120	47,584
Total shareholders' equity		153,939	147,165
Liabilities			
Long-term liabilities			
Long-term financial liabilities	21, 35	14,265	17,806
Long-term liabilities, right-of-use assets	21	840	855
Other long-term liabilities		123	125
Pension obligations	29	145	204
Non-current provisions	30	456	425
Deferred tax liabilities	13	28,452	26,717
Total long-term liabilities		44,281	46,132
Current liabilities			
Current financial liabilities	21, 35	5,796	3,593
Current liabilities, right-of-use assets	21	98	80
Accounts payable	31	4,184	3,190
Current tax liability	13	157	160
Other current liabilities	31	3,300	2,199
Total current liabilities		13,535	9,221
Total liabilities		57,816	55,353
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		211,755	202,518

Statement of changes in shareholders' equity

GROUP, SEK m.	Share capital	Reserves	Earnings brought forward, including net profit for the year	Total	Non-controlling interests	Total shareholders' equity
Shareholders' equity on Jan. 1, 2021	2,480	10,044	72,728	85,252	43,471	128,723
Net profit for the year			11,367	11,367	3,556	14,924
Other comprehensive income		3,769	61	3,830	2,113	5,943
		3,769	11,428	15,197	5,669	20,866
Dividends			-868	-868	-1,417	-2,285
Share-savings program in Holmen			4	4	8	12
Changes in Group structure			-4	-4	-148	-153
SHAREHOLDERS' EQUITY on Dec. 31, 2021	2,480	13,813	83,288	99,581	47,584	147,165
Net profit for the year			1,514	1,514	4,259	5,773
Other comprehensive income		-456	83	-372	3,919	3,547
		-456	1,597	1,142	8,178	9,319
Dividends			-930	-930	-1,507	-2,437
Share savings program in Holmen			3	3	6	9
Changes in Group structure			23	23	-140	-118
SHAREHOLDERS' EQUITY on Dec. 31, 2022	2,480	13,358	83,981	99,819	54,120	153,939

Cash flow statement

GROUP, SEK m.	Note 25	2022	2021
Operating activities			
Profit before taxes		7,679	17,134
Adjustments for items not included in cash flow			
Unrealized changes in value		117	-5,068
Depreciation		1,479	1,304
Results from participations in associated companies and joint ventures		2,588	-4,895
Other changes		221	-863
Taxes paid		-1,912	-914
		10,173	6,698
Change in inventories		-1,113	-414
Change in current receivables		-1,325	-188
Change in current liabilities		1,008	399
CASH FLOW FROM OPERATING ACTIVITIES		8,743	6,494
Investing activities			
Acquisition of tangible fixed assets		-1,225	-1,534
Divestment of tangible fixed assets		14	20
Investment in investment properties		-1,715	-1,312
Divestment of investment properties			204
Investments in and acquisitions of biological assets		-160	-166
Divestment of biological assets		32	424
Acquisition of financial assets		-1,040	-1,997
Acquisition of subsidiaries		-114	-193
Change in long-term financial receivables		3	25
Investments in and acquisitions of biological assets		4	
Acquisition of other fixed assets		-60	-28
CASH FLOW FROM INVESTING ACTIVITIES		-4,261	-4,556
Financing activities			
Loans raised		2,800	5,150
Loans repaid		-4,000	-3,700
Change in current financial liabilities		-170	-379
Repayment of debt linked to right-to-use assets		-101	-121
Change in current financial receivables		0	-3
Dividend paid to Parent Company's shareholders		-930	-868
Dividend paid to non-controlling interests		-1,507	-1,417
CASH FLOW FROM FINANCING ACTIVITIES		-3,908	-1,338
CASH FLOW DURING THE YEAR		574	600
Cash and cash equivalents on January 1		2,211	1,608
Exchange-rate effects		5	2
Cash and cash equivalents on December 31		2,790	2,211

Notes – Group

NOTE 1 – ACCOUNTING POLICIES

The below accounting policies for the Group have been applied consistently for all periods presented in the financial statements, unless specified below. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company, subsidiaries and associated companies, as well as joint ventures.

Compliance with norms and law

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the EU. In addition, RFR 1, Supplementary accounting rules for corporate groups, issued by the Swedish Financial Reporting Council, has been applied.

The Parent Company applies the same accounting policies as the Group, with the exception of entries specified in the Parent Company accounting policies. The deviations between the Parent Company and Group principles were caused by limitations in terms of opportunities to apply IFRS in the Parent Company due to the Annual Accounts Act, the Pension Security Act and, in certain cases, for tax reasons.

Valuation bases for the preparation of financial statements

Assets and liabilities are recognized at acquisition value (cost), with the exception of certain financial assets and liabilities, investment properties, biological assets and forest land, which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments, financial assets classified as financial assets measured at fair value via profit or loss or financial assets measured at fair value through other comprehensive income.

Functional currency and reporting currency

The financial statements are presented in SEK, which is the Parent Company's functional currency, and constitutes the reporting currency for the Parent Company and the Group.

Accounting assumptions and estimates

In order to prepare the financial statements in accordance with IFRS, company management is required to make accounting estimates as well as assumptions that affect the application of the accounting policies and the recognized amounts of assets, liabilities, revenues and costs. Actual results may deviate from these accounting estimates.

The accounting assumptions and estimates are reviewed regularly. Changes in estimates are recognized in the period during which the change is made, only if it affects the period, or in the period the change is made and future periods if the change affects the current period and future periods. Also refer to Note 34 – Important accounting assumptions and estimates.

Revised accounting policies

New and revised accounting policies that are applicable as of 2022

New and amended IFRSs with application from 2022 do not have any material impact on the company's financial statements.

New and revised accounting policies that have not yet become effective

New and revised IFRSs with prospective application are not expected to have any material impact on the company's financial statements.

Classification, etc.

Essentially all significant fixed assets and long-term liabilities consist of amounts expected to be recovered or paid more than 12 months after the balance sheet date. Essentially all significant current assets and current liabilities consist of amounts expected to be recovered or paid within 12 months of the balance sheet date.

Consolidation policies

Subsidiaries

Subsidiaries are companies under the controlling influence of L E Lundberg-företagen AB. Controlling influence is achieved when L E Lundbergföretagen AB has control over the investment object, is exposed or entitled to a variable return from its holding in the company and can exercise control over the investment object to influence the return. Assessments of controlling influence must include determinations of whether potential shares can be used or converted without delay.

Subsidiaries are recognized in accordance with the purchase method, which means that the indirectly acquired assets and liabilities of the subsidiary are measured at fair value.

The difference between the acquisition cost of the shares in the subsidiary and the fair value of the acquired identifiable net assets constitutes goodwill and is recognized as an intangible fixed asset.

Should the acquisition not pertain to 100% of the subsidiary, non-controlling interests arise. Acquisitions from non-controlling interests are recog-

nized as a transaction in shareholders' equity, meaning between the Parent Company's shareholders and non-controlling interests.

The revenues and expenses and assets and liabilities of the subsidiaries are included in the financial statements from the acquisition date until the final date of controlling influence.

Holdings recognized according to the equity method

Associated companies

Associated companies are companies over which the Group has a significant but not a controlling influence over operating and financial control, usually through shareholdings ranging from 20 to 50% of total voting rights. Participations in associated companies are recognized using the equity method.

Joint ventures

For accounting purposes, joint ventures are defined as companies in which the Group has a controlling influence through cooperation agreements with one or more partners, whereby the Group is entitled to the net assets rather than a direct entitlement to assets and commitments pertaining to liabilities. Shareholdings in joint ventures are consolidated in accordance with the equity method.

Equity method

The equity method is applied in the Group for the recognition of associated companies and joint ventures. This means that the carrying amount matches the Group's share in the company's shareholders' equity, and consolidated surplus and deficit values. In net profit for the year, the share of the various companies' profit/loss after tax, after adjustments for any depreciation/amortization, impairment losses or reversals of acquired surplus and deficit values, is recognized in "Results of participations in associated companies and joint ventures." Dividends received reduce the carrying amount of the investment. The portion of other comprehensive income of the various companies is recognized on a separate line in the Group's other comprehensive income.

In connection with acquisitions, any difference between the acquisition value and the owning company's share in the net fair value of such a company's identifiable net assets is recognized in accordance with the same policies as those used for the acquisition of subsidiaries. Transaction fees arising from the acquisition are included in acquisition value.

The equity method is applied up to the date on which the significant influence, or the joint ownership, ceases.

Transactions eliminated on consolidation

All intra-Group receivables, liabilities, revenues or expenses and unrealized gains or losses attributable to intra-Group transactions between Group companies are eliminated when the consolidated financial statements are prepared (with the exception of rents between the parent company and its wholly owned companies and rents between the wholly owned real estate business and listed subsidiaries, which are reported in their entirety where they arise). Unrealized gains arising from transactions with associated companies and jointly controlled companies are eliminated to an extent corresponding to the Group's ownership share in the companies. Unrealized losses are eliminated in accordance with the same criteria as eliminations of unrealized gains, but only to the extent there is no indication of impairment.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate prevailing on the balance-sheet date. Exchange rate differences arising from currency translations are recognized in net profit for the year. Non-monetary assets and liabilities that are recognized at historical acquisition values are translated using the exchange rate prevailing on the transaction date.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the functional currencies of the foreign business operations to the Group's reporting currency using the exchange rate prevailing on the balance-sheet date. Revenues and expenses in foreign operations are translated to SEK using an average exchange rate that represents an approximation of the exchange rates for each transaction date in question. Translation differences arising from currency translations of foreign operations, as well as associated effects of hedges of net investments, are recognized in other comprehensive income and are accumulated in a separate component of shareholders' equity known as the translation reserve.

When a foreign operation is divested, the accumulated translation differences attributable to the operation are realized in net profit for the year less any currency hedging.

NOTE 1 – cont.**Conditions for companies operated on a commission basis**

Holmen's operations are operated mainly on a commission basis through Holmen Skog AB, Holmen Wood Products AB, Holmen Iggesund Paperboard AB, Holmen Paper AB and Holmen Energi AB.

Revenues**Net sales**

Consolidated net sales, which is reported excluding value added tax, consist of revenues from real estate operations and sales of products, timber and energy. Where appropriate, net sales have been reduced by discounts and similar revenue reductions. Revenue is recognized when the Group meets its performance obligations by transferring control of the promised goods, and where applicable services, to the customer.

Accordingly, rental revenues are accrued and rents paid in advance are thus recognized as prepaid. Rental revenues include items related to forward invoicing of costs incurred.

The subsidiary Holmen's sales mainly refer to goods, which are sold to customers, which are specified in Note 3. The services that Holmen delivers are limited and essentially refer to forest management services and services in construction activities such as assembly work. Holmen essentially only acts as principal and sales transactions are supported by agreements. The vast majority of contracts are separate obligations and each contract represents a single obligation. Holmen's warranties provided in conjunction with a sale are not considered separable and therefore recognized in accordance with IAS 37.

The transaction price is the price of the product or the service. Variable consideration mainly arises in the form of returns, and volume or cash discounts. All returns pertaining to faulty goods are recognized as incurred. Volume discounts give the customer a discounted price provided that a certain amount of goods is purchased during a period. A cash discount gives the customer the right to a lower price in cases where payment is made within a certain time. Discounts are reported as a reduction in net sales.

Revenue is reported when Holmen fulfills its obligations by transferring control of the promised goods, and where applicable the services, to the customer. The time of transfer of control, and the transfer of risk is critical for when an income is reported. The transfer of risk looks different depending on which shipping terms are applied.

Sales of energy differ from other sales as delivery takes place in connection with production as it is also recognized as revenue.

Holmen's operations also include construction solutions in wood. The income from this activity is handled as a contract agreement and is reported over time on the basis of costs incurred in relation to the assignment's total estimated costs. Projects normally do not extend beyond twelve months. Holmen thus applies the relief rule of not disclosing the remaining performance commitments. Accrued income related to construction contracts is initially reported as contract assets, as the right to payment is conditional on the customer's approval. When the customer has accepted the goods, the amount of the contract asset is rebokod to the receivable. Advances received are included in the contractual debt.

Payment terms vary between different markets and Holmen normally follows current practice in each market.

Consolidated net sales are specified in Note 3. This note also reports income from the sale of securities and dividends in equity management, which is not to be regarded as net sales.

Other revenues

Revenue from activities outside the main operations and changes in inventories are reported as other revenue.

The item mainly includes sales of by-products, renewable energy certificates, rental and land lease income (which does not come from investment properties or sales of properties classified as current assets), emission allowances, insurance compensation and gains/losses on sales of non-current assets.

Renewable energy certificates are issued in relation to production of renewable energy according to a quota system introduced in order to promote electricity generation using renewable sources of energy. Revenues from allocated certificates are recognized as other operating income in the same period as generation occurs.

Government assistance is recognized in the balance sheet as accrued income when it can be stated with reasonable certainty that the assistance will be received and that the terms and conditions associated with the assistance will be fulfilled. Government assistance related to a fixed asset reduces the recognized acquisition value of the fixed asset. Government assistance, such as road allowances, intended to cover costs is recognized as other operating income. These amounts are accrued systematically in profit or loss in the same way and over the same periods as the costs that the assistance is intended to offset.

Financial income and expense

Financial income and expense consists of interest income and interest expense, dividends not included in the Equity Management business sector (which are recognized as net sales), unrealized and realized gains on financial investments, revaluations of financial instruments measured at fair value via

profit or loss and unrealized and realized exchange rate losses and gains.

Calculations of interest income on receivables and interest expense on liabilities are based on the effective interest method.

Dividend income is recognized when the right to receive the dividend has been established. Results from the divestment of financial instruments are recognized when the risks and benefits associated with ownership of the instrument are transferred to the buyer and the Group no longer has control over the instrument.

Interest income and interest expense are normally recognized in net profit for the year for the period to which the amounts pertain.

Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in net profit for the year, apart from when underlying transactions are recognized in other comprehensive income or in shareholders' equity, whereby the related tax effect must be recognized in other comprehensive income or in equity.

Current tax is the tax to be paid or received for the current year, applying the tax rate decided or decided in principle on the balance-sheet date. Adjustment of current tax attributable to previous periods is also included in current tax.

Deferred tax is calculated in accordance with the balance-sheet method, on the basis of the temporary differences between the recognized and tax-assessment value of assets and liabilities, based on the tax rates and tax regulations that have been decided or decided in principle on the balance-sheet date. Temporary differences are not taken into account in consolidated goodwill or temporary differences pertaining to participations in subsidiaries or associated companies that are not expected to become subject to tax in the foreseeable future. Deferred tax assets pertaining to deductible temporary differences and tax loss carryforwards are only recognized insofar as they are likely to be utilized in the future. Deferred tax assets and deferred tax liabilities in the same country are recognized net insofar as offsetting is permissible.

Earnings per share

Earnings per share are calculated on the basis of consolidated earnings attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year.

Financial instruments**Recognition in and derecognition from the balance sheet**

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are entered in the balance sheet when the invoice has been sent. Rent receivables, however, are entered at the beginning of each rental period. Liabilities are entered when the counterparty has fulfilled his obligation and a contractual obligation to pay has arisen, even if the invoice has not been received. A financial asset is derecognized from the balance sheet when the rights in the agreement are realized, expire or the company no longer has control over the asset. A financial liability is derecognized when the obligation in the agreement is fulfilled or is extinguished in some other manner.

Spot transactions are recognized in accordance with the trade day method.

A financial asset and a financial liability are offset against each other and recognized in a net amount only when there is a legal entitlement to offset the amounts, and the company intends to adjust the entries by a net amount or to simultaneously realize the asset and settle the liability.

Financial assets, excluding shares, and financial liabilities have been classified as current if the amounts are expected to be recovered or paid within 12 months from the balance sheet date. Shares have been classified as long term if they are intended to be held permanently in the operation.

Classification and measurement of financial instruments

Financial instruments are classified and measured according to the Group's business model and the nature of the contractual cash flows. Refer to Note 21, for classifications of financial instruments.

Financial assets – measured initially at fair value plus any transaction costs, apart from assets measured at fair value via profit or loss, which are initially measured at fair value without additions for transaction costs. The assets are normally measured at amortized cost using the effective interest method. If the consideration deviate from the full consideration, the difference is accrued over the term of the loan using the effective interest method. Derivatives are recognized on an ongoing basis at fair value. Changes in the value of derivatives that do not qualify for hedge accounting are recognized in profit or loss. Financial investments are measured at fair value.

Financial liabilities – measured initially as consideration received less any transaction costs, apart from the type of financial liabilities that are measured at fair value via profit or loss, in which case no deductions are made for transaction expenses. Liabilities are normally measured at amortized cost using the effective interest method. If the consideration received deviate from the full consideration, the difference is accrued over the term of the loan using the effective interest method. Derivatives are recognized on an ongoing basis

NOTE1 – cont.

at fair value. Changes in the value of derivatives that do not qualify for hedge accounting are recognized in profit or loss.

Fair value measurement. The fair value of financial instruments traded on an active market is based on quoted market prices and belongs to valuation Level 1, as stipulated in IFRS 13. If no quoted market prices are available, fair value has been calculated by discounting cash flows. When calculations of discounted cash flows have been performed, all variables, such as discount interest rates and exchange rates used in the calculations, have been derived from market quotations, wherever possible. When calculating discounted cash flows, the average of the exchange rates and discount interest rates is used. These valuations belong to Level 2. Valuations of currency options applying the Black & Scholes formula are performed when this is appropriate. In the event of holdings of shares in listed companies with several classes of shares (in those cases where not all share series are listed), the unlisted shares are calculated at a 10% premium on top of the price of the listed shares. These valuations belong to Level 3.

Impairment of financial assets. When assessing expected credit losses, the simplification rule is applied in accordance with IFRS 9. For financial assets where there is an indication that the full carrying amount may not be recoverable, an assessment is made of each individual asset. Non-payment from a counterparty is normally such an indication. Any impairment loss is recognized on the basis of the individual assessment. For financial instruments where there is no indication of impairment, a provision is made for loan losses based on historical information.

Hedge accounting. All derivatives, including currency futures, electricity derivatives and interest-rate swaps, are measured at fair value and recognized in the balance sheet. Nearly all derivatives are held for hedging purposes. The effective portion of changes in value from cash-flow hedges is recognized in other comprehensive income and accumulated in shareholders' equity (hedging reserve) until the hedged flow meets profit and loss, at which time the accumulated changes in value are transferred from shareholders' equity via other comprehensive income to profit and loss in order to offset and match the hedged transaction. For hedges of investments, the acquisition value of the hedged item is instead adjusted when it occurs. Hedges of the ineffective component are recognized directly in profit or loss. For interest rates, interest-rate swaps are used as cash-flow hedges.

Changes in the value of hedges of net investments in foreign operations are recognized in other comprehensive income. Accumulated changes in value are recognized as a component of shareholders' equity (translation reserve) until the operation is divested, at which time the accumulated changes in value are recognized in profit or loss.

Cash flow hedges mainly relate to the hedging of foreign currency sales, future interest payments, electricity purchases and purchases in foreign currency in connection with investments. Hedging instruments comprise currency futures, electricity futures and interest-rate swaps. The hedged items are forecasts of future sales, interest payments, electricity purchases and capital expenditures. The hedge ratio is determined on an ongoing basis by comparing hedged amounts with current forecasts. For hedges of net investments in foreign operations, the carrying amount of the net investment is the hedged item and the hedge ratio is determined by comparing the hedged amounts with the net investment. Any ineffectiveness is due to the calculation of the hedge ratio.

Financial security. Interest-rate swaps are also used for reducing interest rate risk by exchanging variable interest rates to fixed rates. These swaps are recognized at fair value through profit or loss.

The Group's risk management of financial instruments is described in Note 35.

Tangible fixed assets

Tangible fixed assets are recognized at acquisition value less accumulated depreciation and any impairment. Tangible fixed assets that consist of components with different useful lives are treated as separate components of tangible fixed assets. Cost includes the purchase price and expenses directly attributable to measures implemented to adapt the asset to the site and to a condition whereby it can be utilized for the purpose that it was acquired. Additional expenses are capitalized only if they are likely to generate economic benefits for the company. The critical factor in assessments of when additional expenditure should be capitalized is whether or not it replaces identified components, or parts thereof, and in such cases the expenditure is capitalized. The expenditure is also capitalized in cases where new components are created. Any non-depreciated carrying amounts for replaced components, or parts thereof, are scrapped and expensed in connection with the replacement.

Depreciation principles

Depreciation is applied straight-line over the estimated useful life. The following useful lives (years) are used:

Machinery for hydro-power generation	10-40
Investment and storage buildings, residential properties (Holmen)	10-33
Operational buildings, land improvements and machinery for sawmills, pulp, paper and board production	10-20
Other machinery	10
Forest motor roads	20
Equipment	3-10

Land is not depreciated. Assessments of an asset's residual value and useful life are made at regular intervals.

Impairment losses

Carrying amounts for the Group's assets are impairment tested at the close of every fiscal year to assess whether there are indications of impairment requirements. Exceptions are made for biological assets, investment properties, financial assets, deferred tax assets and inventories. If any indication of impairment arises, an estimate is made to determine the asset's recoverable value. For the exempted assets, as listed above, values are tested in accordance with the respective standard.

Tangible fixed assets. If there are indications that carrying amounts of Group assets are too high, an analysis is conducted whereby the recoverable value of individual assets or naturally related asset types is determined as the higher of net realizable value and value in use. The net realizable value is the estimated selling price less the estimated cost of making the asset ready for sale. Value in use is measured as the projected future discounted cash flow. The discount factor applied takes into account risk-free interest and the risk related to the specific asset. Impairment losses correspond to the difference between the carrying amount and recoverable value. Impairment losses are reversed if a positive change has occurred in the parameters used to determine the asset's recoverable value. A reversal may not exceed the carrying amount that would have been recognized, less depreciation, if no impairment had been made.

Forest assets

The subsidiary Holmen's forest assets are recognized at fair value based on transaction prices for forest properties in the areas where Holmen has forest land. The measurement at fair value is based on valuation Level 3. The total value of the forest assets is divided among growing trees, which are recognized as biological assets, and forest land. How much of the value is allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs but before tax, from harvesting those trees currently growing. Calculation of present value uses a discount rate before tax calculated on the basis of forest property transactions. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. Changes in the fair value of biological assets are recognized in profit or loss. Changes in the fair value of forest land are recognized in other comprehensive income and accumulated in a separate component of equity called the revaluation reserve. If the fair value of forest land were to be less than the acquisition value, the difference would be recognized in profit or loss as an impairment loss.

Investment properties

Investment properties are properties held in order to receive rental revenues and/or value growth. Initially, investment properties are recognized at acquisition value, which includes expenditures directly attributable to the acquisition. Investment properties are recognized in the balance sheet in accordance with the fair value method.

Fair value is based on internal valuations that are quality-assured with the help of external valuations of a selection of properties. Continuous analyses are made to determine if there are indications of changes in fair value of the properties. If there are indications of significant changes in value during an ongoing year, revaluation occurs in connection with the following quarterly interim report. Also refer to Note 17. Both unrealized and realized changes in values are recognized in profit or loss. Changes in value are recognized net and are divided among unrealized and realized changes in value, as presented in Note 9.

Additional expenditures are added to the carrying amount only if the future economic benefits linked to the asset are likely to become available to the company and the acquisition value can be estimated in a reliable manner. All other additional expenditures are recognized as costs in the period they are incurred. The critical factor in assessments of when an additional expenditure should be added to the carrying amount is whether or not it replaces identified components, or parts thereof, and in such cases the expenditure is capitalized.

The expenditure is also added to the carrying amount in cases where new components are created. The cost of repairs is expensed as they occur.

NOTE 1 – cont.

Realized value changes are reported on the buyer's takeover date. In addition, circumstances that may affect the outcome of the transaction which are beyond the control of the seller and/or the buyer are taken into account.

Inventories

Inventories are measured at the lower of acquisition value and production cost after an allowance for necessary obsolescence, or the net realizable value. The acquisition value of inventories is calculated using the FIFO (first-in first-out) method. The net realizable value is the estimated selling price in operating activities less the estimated cost of finishing the product and making it available for sale. The acquisition value of products manufactured by the company consists of direct production costs and a portion of indirect costs. Purchased harvesting rights are recognized as inventories. These have been acquired with a view to ensuring the subsidiary Holmen's access to raw materials. No measurable biological transformation occurs from the date of acquisition.

Emission rights received are initially recognized as inventories and pre-paid income at market price on allocation. During the year, the allocation is recognized as income, at the same time as an interim liability, corresponding to actual emissions, is expensed. Renewable energy certificates sold on forward contracts are recognized at the net realizable value. Unsold certificates are measured at the lower of acquisition value and market value. Recognition occurs as inventories or accrued revenue in pace with production.

Leasing

When a contract is entered into, an assessment is made of whether it is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right during a certain period to control the use of an identified asset in exchange for payment. The Group recognizes a right-of-use asset and an associated liability when the lease is entered into. The liabilities are measured initially at the present value of remaining lease payments during the estimated term of the lease. Lease payments are discounted using the Group's incremental borrowing rate which, in addition to the Group's credit risk, reflects the lease term and currency for each lease. Right-of-use assets are measured initially at the amount of the liability plus lease payments paid on or prior to the initial date plus any initial direct fees. Right-of-use assets are depreciated straight line over the lease term.

The lease term is defined as the noncancelable period plus a surcharge for additional periods in the lease if, at the start date, it is assessed as reasonably certain that these periods will be utilized.

In its capacity as lessee, the Group has site leasehold agreements. According to IFRS 16, site leasehold rights are considered to be perpetual lease agreements and will thus not be depreciated. The value of the right-to-use asset remains until the next renegotiation of the ground rent. The lease liability is not amortized, and the value remains unchanged until renegotiation. Ground rent costs are recognized in their entirety as a financial expense.

For leases that have a lease term of 12 months or less or with an asset with a low underlying value, no right-of-use asset or lease liability is recognized. Lease payments for these leases are recognized as a cost straight line over the lease term.

Borrowing costs

Borrowing costs attributable to the purchase or production of what are known as qualifying assets are capitalized as a part of the asset's acquisition value. A qualifying asset is an asset that takes a substantial time to complete. Capitalization primarily takes place for borrowing costs that have arisen on loans that are specific to the qualifying asset. Secondly, capitalization takes place for borrowing costs that have arisen on general loans that are not specific to any other qualifying asset. In the Group, capitalization of borrowing costs becomes relevant in connection with major investment projects.

Employee benefits**Defined-contribution plans**

Pension plans for which the company's obligation is limited to the contributions the company pledges to pay are classified as defined-contribution pension plans. In such cases, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company plus the capital return that the contributions yield. Accordingly, the employee is exposed to the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not be sufficient to yield the expected remuneration). Obligations concerning fees to defined-contribution plans are recognized as an expense in net profit for the year during the period the employee performed the services for which the fee is intended.

Defined-benefit pension plans

In the Group, salaried employees in Sweden are covered by the ITP plan.

Obligations for retirement pensions and family pension plans for salaried employees in Sweden are covered through insurance in Aleccta. In accordance with UFR 10, a statement issued by the Swedish Financial Reporting Council, this is a multi-employer defined-benefit plan. During the 2022 fiscal

year, the company did not have access to the information necessary to support recognition of this plan as a defined-benefit plan. Accordingly, the ITP pension plan covered by insurance in Aleccta is recognized as a defined-contribution plan. Obligations regarding fees for defined-contribution plans are recognized as expenses in net profit for the year when they arise.

In addition to the above exceptions, there are defined-benefit obligations for:

- Lundbergs – Obligations in accordance with the FPG/PRI system
- Holmen – Obligations in excess of the ITP plan for group management in Sweden, secured through foundations
 - Pension plans in the UK in trusts
 - (these have been closed for new vesting since 2015)

The pension liability is calculated based on estimates of the future benefits employees have vested through their employment in both current and previous periods of service. The benefit is discounted to present value. The discount factor is the interest rate prevailing on the balance-sheet date on a first-class corporate bond with a term corresponding to the pension obligations of the various plans. When there is no active market for corporate bonds, the market interest rate for government bonds with a corresponding term is used. The computation is made by a qualified actuary based on the projected unit credit method. If the benefit is fully vested, an expense is recognized in net profit for the year.

When determining the obligation resulting from defined-benefit plans, revaluation effects may arise, which take the form of actuarial gains and losses. Such revaluation effects are recognized in other comprehensive income. Net interest expense/income on the defined-benefit obligation is recognized in net profit for the year under net financial items. Other components are recognized in operating profit.

Since special employer's contributions constitute a component of the actuarial assumptions, they are recognized as part of the net obligation. For simplification, that part of the special employer's contribution that is estimated in the legal entity on the basis of the Swedish Pension Obligations Vesting Act ("Tryggandelagen") is recognized as an accrued cost rather than as part of the net obligation/asset.

The tax on returns is recognized continuously in profit or loss for the period to which the tax pertains and is thus not included in the calculation of the liability.

Share-based payment in Holmen

Outstanding share-based programs are recognized in accordance with IFRS 2 Share-based payment and are settled with equity instruments. Recognition of share-based payment programs settled with equity instruments entails that the fair value of the instruments at the date of allotment is to be expensed in profit or loss over the vesting period, with a corresponding adjustment of shareholders' equity. At every year-end during the vesting period, the expected number of allotted shares is estimated and the impact of a potential change in earlier assessments is recognized in profit or loss with a corresponding adjustment of shareholders' equity. A provision is also posted for estimated social security costs related to the share-based program. Calculations are based on the value of the shares at the date of allotment, which is defined as the time when agreements have been concluded between the parties. The average share price during this period was used as the basis for measuring the value of the shares at the date of allotment.

Options issued to employees of associated companies

From the viewpoint of the issuer, share-based instruments issued to employees of companies that are not included in the group are not encompassed by the application area for IFRS 2. Premiums received for the warrants, which are entered at market price (fair value), are expensed. In subsequent accounting, the option liability is measured at fair value through profit or loss.

Remuneration in the event of employment termination

A cost for remuneration paid in connection with employment termination is recognized only if there is evidence that the Group is obliged, without any realistic opportunity of withdrawal, by a formal detailed plan to terminate employment before the normal number time. When remuneration is paid as an offer to encourage voluntary retirement, a cost is recognized if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term remuneration

Short-term remuneration to employees is estimated without discounting and is expensed when the related services have been received.

Other

Unless stated otherwise, all amounts are rounded off to the nearest million, which means that tables and calculations do not always tally. In texts and tables, figures between 0 and 0.5 are reported as 0.

NOTE 2 – INFORMATION ABOUT THE COMPANY

L E Lundbergföretagen AB (publ) is a Swedish limited liability company with its registered office in Stockholm, Sweden. The company's Series B shares are listed on Nasdaq Stockholm, Large Cap. The address to the company's Head Office is PO Box 14048, SE-104 40 Stockholm, Sweden.

Since L E Lundbergföretagen AB has two subsidiaries that are not wholly owned, Holmen AB and Hufvudstaden AB, substantial non-controlling interests are recognized in the consolidated financial statements. Classification of the companies is based on the share of voting rights resulting from these holdings. The companies are listed on Nasdaq Stockholm, Large Cap, and information about their operations is presented on the website of the respective company.

Company	Country	Percentage of share capital (votes) ¹	
		2022	2021
Holmen AB	Sweden	34.1 (62.3)	34.1 (62.3)
Hufvudstaden AB	Sweden	47.2 (88.6)	46.8 (88.5)

¹) The percentage is calculated less treasury shares.

Subsidiaries, SEK m.	Holmen		Hufvudstaden	
	2022	2021	2022	2021
Revenues	23,952	19,479	2,746	2,488
Profit	5,874	3,004	722	2,955
Other comprehensive income	5,938	3,201		
Total comprehensive income	11,812	6,204	722	2,955
Fixed assets	64,726	59,598	50,423	49,653
Current assets	16,710	8,503	812	1,446
Long-term liabilities	-16,998	-16,127	-16,592	-16,989
Current liabilities	-7,488	-4,982	-3,382	-3,044
Net assets	56,950	46,992	31,262	31,066
Cash flow from				
- operating activities	5,484	3,229	1,024	994
- investing activities	-1,349	-1,307	-1,018	-628
- financing activities	-2,713	-1,764	-736	32
Cash flow during the year	1,422	158	-729	398

Attributable to non-controlling interests	Holmen		Hufvudstaden	
	2022	2021	2022	2021
Share of profit	3,877	1,983	381	1,573
Share of comprehensive income	7,797	4,095	381	1,573
Share of net assets	37,591	31,018	16,506	16,541
Dividend	-1,228	-1,147	-278	-269

Significant associated companies

L E Lundbergföretagen AB holds shares in Husqvarna AB, AB Industrivärden and Indutrade AB to such an extent that these companies constitute associated companies and are recognized in accordance with the equity method in the consolidated financial statements. Classification of the companies is based on the share of voting rights resulting from these holdings. The companies are listed on Nasdaq Stockholm and information about their operations is presented on the website of the respective company.

Company	Country	Percentage of share capital (votes) ¹	
		2022	2021
Husqvarna AB	Sweden	7.6 (25.4)	7.6 (25.4)
AB Industrivärden	Sweden	19.1 (25.0)	18.8 (24.9)
Indutrade AB	Sweden	26.6 (26.6)	26.6 (26.6)

¹) The percentage is calculated less treasury shares.

2022, SEK m.	Husqvarna	Industrivärden	Indutrade
Associated companies			
Revenues	54,037	5,479	27,016
Profit	1,932	-13,967	2,681
Other comprehensive income	2,159	-22	627
Total comprehensive income	4,091	-13,989	3,308
Fixed assets	30,849	133,846	16,262
Current assets	30,787	910	12,600
Long-term liabilities	-15,072	-6,686	-9,203
Current liabilities	-22,553	-1,890	-6,886
Net assets	24,011	126,180	12,773
The Group's share of associated companies, SEK m.			
Share of net assets on January 1	1,634	26,834	2,737
Share of total comprehensive income	310	-2,594	877
Dividends received	-131	-547	-223
Acquired shareholders' equity ¹		410	
Share of net assets on December 31	1,813	24,102	3,391
Surplus value	1,127		1,876
Closing carrying amount	2,940	24,102	5,267

2021, SEK m.	Husqvarna	Industrivärden	Indutrade
Associated companies			
Revenues	47,059	8,081	21,715
Profit	4,437	26,594	2,097
Other comprehensive income	1,653	18	247
Total comprehensive income	6,090	26,612	2,344
Fixed assets	28,571	149,973	12,359
Current assets	22,349	779	9,641
Long-term liabilities	-10,217	-5,785	-6,512
Current liabilities	-19,056	-1,888	-5,185
Net assets	21,646	143,079	10,303
The Group's share of associated companies, SEK m.			
Share of net assets on January 1	1,289	21,432	2,297
Share of total comprehensive income	450	4,899	614
Dividends received	-105	-640	-174
Acquired shareholders' equity ¹		1,143	
Share of net assets on December 31	1,634	26,834	2,737
Surplus value	1,127		1,876
Closing carrying amount	2,761	26,834	4,612

¹) Including the discount on net asset value.

Information on other subsidiaries and associated companies is presented in Notes 19 and 37.

NOTE 3 – NET SALES, ETC

SEK m.	2022	2021
Real estate operations		
Rental revenue ¹	1,568	1,474
Service revenue	69	62
Sales of properties classed as current assets	99	58
Hufvudstaden		
Rental revenue ¹	1,740	1,692
Service revenue	115	92
NK-Retail	760	604
Other activities ²	131	100
Holmen		
Consumer paperboard	6,553	6,059
Pulp	182	202
Book, magazine & packaging paper	7,924	4,977
Newsprint	446	464
Wood products, pine	2,116	2,206
Wood products, spruce	2,580	2,345
Wood construction solutions	320	320
Wood	2,610	2,424
Energy	1,216	473
Other	6	8
Net sales	28,434	23,562
Lundbergs Equity management		
Sales of marketable securities, etc.	64	364
Dividends	695	906
	29,193	24,832

¹ Sales-based rent supplements account for SEK 14 m. (11) of total rental revenues.

² Consists of Cecil Coworking, NK e-commerce and parking operations in Parkaden AB.

NOTE 4 – OTHER REVENUES, ETC.

SEK m.	2022	2021
Non-core activities		
Sales of by-products	849	584
Certificates, renewable energy ¹	433	186
Rental and leasehold income	150	101
Emission rights ²	284	140
Forestry assignments	91	95
Sales of fixed assets	34	320
Insurance compensation	489	
Other	413	264
	2,743	1,690
Change in inventories of shares	152	-248
Change in inventories ³	364	1
	3,259	1,443

Of the sales of by-products, SEK 226 m. (292) relates to wood shavings, bark and chips, SEK 178 m. (182) rejects from production, as well as SEK 445 m. (110) to external sales of energy. Insurance compensation relates primarily to compensation for the turbine breakdown in 2021 at Holmen's paperboard mill in Workington, UK.

¹ Revenue from the production of renewable energy at Holmens British paperboard mill in Workington. Revenues for 2022 were higher because of increased electricity prices, while revenues for 2021 were lower than normal as a result of turbine breakdown.

² Holmen has been allotted emission allowances that have been used partly within its own production. The surplus resulted in a gain of SEK 284 m. (140).

³ Refers to Holmen's operations.

NOTE 5 – EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2022	Of whom men, %	2021	Of whom men, %
Parent Company – Sweden	9	70	9	71
Total in Parent Company	9	70	9	71
Wholly owned subsidiaries				
- Sweden	175	63	175	63
Hufvudstaden – Sweden	441	26	416	28
Holmen				
- Sweden	2,910	79	2,930	80
- France	12	50	12	50
- Netherlands	79	43	80	44
- United Kingdom	395	90	383	89
- Germany	22	64	22	64
- USA	8	63	9	67
- Other countries	40	60	38	63
Total in subsidiaries	4,082	73	4,065	74
Total in Group	4,090	73	4,073	74

Distribution of company management by gender

Percentage of women	2022	2021
Parent Company		
Board of Directors	25	33
Senior executives	-	-
Group total		
Board of Directors	29	31
Senior executives	26	23

Guidelines for determining salary and other remuneration of senior executives

The 2020 AGM resolved to adopt guidelines for determining salaries and other remuneration paid to senior executives according to the Report of the Board of Directors on page 52.

The remuneration paid to Board Members and senior executives is presented in the tables below.

Remuneration and other benefits, Parent Company¹

2022, SEK m.	Basic salary, Director fees	Variable remuneration	Pension cost	Total
Chair of the Board Mats Guldbrand	0.9			0.9
Board Member Carl Bennet				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	0.4			0.4
Board Member Louise Lindh				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	2.4	0.2	0.5	3.2
Board Member Katarina Martinson	0.3			0.3
Board Member Sten Peterson				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	0.5			0.5
Board Member Lars Petterson	0.3			0.3
Board Member Bo Selling	0.3			0.3
President and CEO Fredrik Lundberg				
Remuner. from the Parent Comp.	1.5			1.5
Remuneration from subsidiaries	1.3			1.3
Other senior executives ^{2, 3}				
Remuner. from the Parent Comp.	2.2	0.1	1.0	3.2
Remuneration from subsidiaries	4.8	12.5	0.6	17.9
	15.9	12.8	2.1	30.8

NOTE 5 – cont.

2021, SEK m.	Basic salary, Director fees	Variable remuneration	Pension cost	Total
Chair of the Board Mats Guldbrand	0.9			0.9
Board Member Carl Bennet				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	0.3			0.3
Board Member Lilian Fossum Biner	0.3			0.3
Board Member Louise Lindh				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	2.5	0.3	0.5	3.2
Board Member Katarina Martinson	0.3			0.3
Board Member Sten Peterson				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	0.5			0.5
Board Member Lars Pettersson	0.3			0.3
Board Member Bo Selling	0.3			0.3
President and CEO Fredrik Lundberg				
Remuner. from the Parent Comp.	1.5			1.5
Remuneration from subsidiaries	1.2			1.2
Other senior executives ^{2,3}				
Remuner. from the Parent Comp.	1.9	0.3	0.7	2.9
Remuneration from subsidiaries	4.8	12.5	0.6	17.9
	15.6	13.1	1.8	30.5

¹⁾ There are no pension obligations for the President and members of the Board. Pension obligations for senior executives amount to SEK 1.4 m. (1.0).

²⁾ The senior executives who report directly to the President are Claes Boustedt and Lars Johansson.

³⁾ In addition, SEK 0.1 m. (0.1) was received in other benefits.

Salaries, other remuneration and social security costs

2022, SEK m.	Salaries and remuneration	Of which, members of the Board, senior executives and presidents ¹	Social security costs	Of which, pension costs
Parent Company ²	12	6	6	2
Wholly owned subsidiaries	126	29	74	28
	138	36	79	29
Holmen	2,048	41	856	180
Hufvudstaden	241	23	112	30
Total in other subsidiaries	2,289	64	968	210
Total in Group³	2,427	100	1,047	240

2021, mnkr	Salaries and remuneration	Of which, members of the Board, senior executives and presidents ¹	Social security costs	Of which, pension costs
Parent Company ²	12	7	6	2
Wholly owned subsidiaries	129	31	57	14
	141	37	63	16
Holmen	1,928	41	759	115
Hufvudstaden	218	26	104	29
Total in other subsidiaries	2,146	67	863	144
Total in Group³	2,287	104	926	160

¹⁾ In the Parent Company, the Board of Directors (excl. the President) comprises seven people (eight) and senior executives comprise three people (three) (including one who receives salary from wholly owned subsidiaries). The wholly owned subsidiaries comprise 11 people (12), Holmen comprises 22 people (23) and Hufvudstaden comprises 16 people (15).

²⁾ The President and senior executives accounted for SEK 1.0 m. (0.7) of the Parent Company's pension costs.

³⁾ The President and senior executives accounted for SEK 30.8 m. (32.2) of the Group's pension costs. On December 31, 2022, the Group's outstanding pension obligations for these pension costs totaled SEK 105.1 m. (108.3). The obligations are mainly covered by plan assets in independent pension foundations and through reinsurance in FPC.

Share-savings plan

Holmen's 2019 AGM resolved to introduce a targeted share-savings plan for key personnel at Holmen. Participation in the plan required that the personnel personally invested in Holmen shares (known as savings shares). Participants in the plan had the opportunity to receive half a matching share for each savings share, provided that the total return for the Holmen share was positive during the period 2019-2021. The participants could also receive performance shares, based on Holmen's required return on capital employed. In total, the participants received 75,993 shares free of charge, as the condition for matching shares was met and the return on Holmen's capital employed surpassed the allocation threshold. The costs for the plan amounted to SEK 25 m.

Holmen's 2022 AGM resolved to introduce a new targeted share-savings plan for key personnel at Holmen. The purpose of the plan is to strengthen the community of interest between the employees and shareholders of the company and to encourage a long-term commitment to Holmen. Participation in the plan required employees to invest in Holmen shares (known as savings shares). For each invested savings share, a half share will be allotted after the end of the vesting period, provided that the total return on the company's shares exceeds 10% for the period 2022-2024. In addition, performance shares will be allotted depending on the level of the return on capital employed for the three business areas of Paperboard, Paper and Wood Products. The maximum number of performance shares varies depending on the position of the participant and amounts to between three and six shares per savings share. To be eligible for the allotment of shares, participants must have been permanent employees within Holmen and held the savings shares up to and including the day of publication of Holmen's interim report for the first quarter of 2025. There are 73 participants in the plan and the maximum number of shares that can be allotted is estimated at 81,000. Costs of SEK 17 m. have been recognized for 2022.

NOTE 6 – FEES AND OTHER REMUNERATION TO AUDITORS

SEK m.	2022	2021
Remuneration of PwC		
Auditing assignments	12	12
Tax advice	0	1
Other assignments	1	1
	14	13
Other auditors	1	0
	14	14

Auditing assignments are defined as statutory examinations of the Annual Report and financial accounts, as well as of the administration of the Board of Directors and President and other duties in accordance with agreements or contracts. This includes other duties that the company's auditors are obliged to conduct and advice or other assistance required due to observations made during such examinations or during the performance of such other duties.

Tax advice pertains to all consultations in the tax area.

Other assignments pertain to advice on accounting issues, advice on divestment and acquisition of operations and advice on processes and internal control.

NOTE 7 – DEPRECIATION

SEK m.	2022	2021
Intangible fixed assets	57	57
Tangible fixed assets		
Buildings and land	134	122
Machinery and equipment	1,101	1,005
Right-of-use assets	100	120
	1,391	1,304

NOTE 8 – RESULTS FROM PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK m.	2022	2021
Husqvarna AB	146	335
AB Industrivärden	-2,558	4,921
Indutrade AB	713	557
Other	10	0
	-1,688	5,814

NOTE 9 – CHANGES IN VALUE OF INVESTMENT PROPERTIES AND DERIVATIVES

SEK m.	2022	2021
Investment properties		
Realized		17
Unrealized	-659	4,597
Derivatives		
Unrealized	33	8
	-626	4,622

NOTE 10 – CHANGES IN VALUE OF BIOLOGICAL ASSETS

SEK m.	2022	2021
Change due to harvesting	-836	-695
Unrealized change in fair value	1,345	1,158
	509	464

NOTE 11 – REPORTING BY OPERATING SEGMENT

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur costs and for which independent financial information is available. The division into operating segments is based on the parts of the operations that are followed up by the company's senior executive decision-maker, also known as a management approach. An operating segment is followed up by the company's senior executive decision-maker in order to evaluate the earnings and be able to allocate resources to it. Operating profit is the earnings measurement against which the follow-up is conducted. The operating segments' earnings, assets and liabilities include directly attributable items as well as items that can be allocated in a reasonable and reliable manner. Unallocated costs relate to Group-wide functions.

Four operating segments have been identified, namely: Lundbergs' real estate operations and equity management, as well as Holmen and Hufvudstaden. Revenues in Lundbergs' and Hufvudstaden's real estate operations primarily comprise revenues from the leasing of own properties, while Lundbergs' equity-management revenues comprise dividends from equities and securities trading. Holmen obtains revenues from the manufacture and sale of printing paper, paperboard and sawn timber products, as well as from forestry and power-generation operations.

Net profit for the year 2022, SEK m.	Lundbergs				Total
	Real estate operations	Equity management	Holmen	Hufvudstaden	
Net sales, etc.	1,736	759	23,952	2,746	29,193
Operating expenses ¹	-567	-216	-12,556	-1,063	-14,402
Personnel costs	-157	12	-2,956	-345	-3,445
Depreciation	-6	-0	-1,345	-40	-1,391
Impairment losses			-87		-87
Profit from shares in associated companies and joint ventures		-1,698	10		-1,688
Changes in value ²	-450	33	509	-209	-117
	556	-1,110	7,527	1,089	8,062
Unallocated costs					-34
Operating profit	556	-1,110	7,527	1,089	8,028
Net financial items					-349
Tax					-1,907
Net profit for the year					5,773

¹ Including other revenues, etc.; see Note 4.

² Refers to investment properties and derivatives in Lundbergs and Hufvudstaden as well as biological assets in Holmen.

Other disclosures 2022, SEK m.	Lundbergs				Total
	Real estate operations	Equity management	Holmen	Hufvudstaden	
Assets	28,433	18,341	79,756	51,235	177,765
Participations in associated companies and joint ventures		32,310	1,680		33,989
					211,755
Liabilities	10,371	2,986	24,486	19,973	57,816
Investments					
Fixed assets	773	1	1,401	1,018	3,192
Associated companies		383	0		383

NOTE 11 – cont.

Net profit for the year 2021, SEK m.	Lundbergs				Total
	Real estate operations	Equity management	Holmen	Hufvudstaden	
Net sales, etc.	1,594	1,270	19,479	2,488	24,832
Operating expenses ¹	-520	-109	-12,232	-850	-13,710
Personnel costs	-137	-67	-2,720	-317	-3,241
Depreciation	-6	-0	-1,261	-36	-1,303
Profit from shares in associated companies and joint ventures		5,814	0		5,814
Changes in value ²	2,035	8	464	2,579	5,086
	2,966	6,916	3,731	3,865	17,477
Unallocated costs					-33
Operating profit	2,966	6,916	3,731	3,865	17,444
Net financial items					-310
Tax					-2,211
Net profit for the year					14,924

¹) Including other revenues, etc.; see Note 4.

²) Refers to investment properties and derivatives in Lundbergs and Hufvudstaden as well as biological assets in Holmen.

Other disclosures 2021, SEK m.	Lundbergs				Total
	Real estate operations	Equity management	Holmen	Hufvudstaden	
Assets	28,103	21,008	66,345	51,099	166,555
Participations in associated companies and joint ventures		34,207	1,756		35,963
					202,518
Liabilities	10,073	4,138	21,109	20,033	55,353
Investments					
Fixed assets	754	0	1,739	589	3,083
Associated companies		1,098	36		1,134

Net sales are reported in accordance with the customers' location, apart from net sales generated by equity management, which are reported solely under Sweden.

Net sales by market, SEK m.	2022	2021
Sweden	11,378	10,696
Germany	2,502	1,963
United Kingdom	2,474	2,304
France	1,486	1,074
Italy	1,328	911
Rest of Europe	6,084	4,383
Asia	2,202	2,150
Rest of world	1,739	1,351
	29,193	24,832

The distribution of sales among products and services is presented in Note 3.

Fixed assets by country, SEK m.	2022	2021
Sweden	139,359	132,928
United Kingdom	1,358	1,329
Other	4	4
	140,721	134,261

Carrying amounts pertains to intangible and tangible fixed assets, forest assets and investment properties. The assets are reported in those countries where the operations are located.

NOTE 12 – NET FINANCIAL ITEMS

SEK m.	2022	2021
Financial income		
Dividends from Associates	1	1
Interest income ¹	14	9
	15	9
Financial expense		
Net gain/loss		
Assets and liabilities measured at fair value through profit or loss	-26	3
Cash and cash equivalents	-12	-0
Assets and liabilities measured at amortized cost	9	-5
Interest expenses attributable to right-of-use liabilities	-28	-27
Interest expense ²	-307	-290
	-364	-320
Net financial items	-349	-310

¹) SEK 11 m. (8) pertains to interest income calculated according to the effective interest method from financial items measured at amortized cost.

²) SEK 7 m. (2) pertains to interest expenses on derivative instruments measured at fair value through other comprehensive income and SEK 19 m. (10) to interest expenses on derivative instruments recognized at fair value through profit or loss. The remaining interest expense is calculated according to the effective interest method and is attributable to financial items measured at amortized cost.

The net gains/losses recognized in net financial items pertain primarily to currency revaluation and hedging of internal lending. Revaluation of interest-rate swaps that hedge fixed-interest loans pertaining to Lundbergs are recognized in profit or loss as changes in value of investment properties and derivatives (see Note 9).

Earnings from financial instruments recognized in operating profit (the most material items) are presented in the table below.

SEK m.	2022	2021
Exchange rate gain/loss on accounts receivable and accounts payable	204	-97
Net gain/loss pertaining to derivatives	2,703	337

The derivatives that are recognized in operating profit pertain to currency hedges of accounts receivable and payable, interest rates and financial electricity derivatives.

NOTE 13 – TAX**RECOGNIZED IN PROFIT OR LOSS**

SEK m.	2022	2021
Current tax		
Tax during the year	-1,356	-733
Tax attributable to preceding years	8	4
Deferred tax ¹		
Temporary differences	-559	-1,482
	-1,907	-2,211

¹) Pertains primarily to tax calculated on the difference between the acquisition value and fair value of forest properties and investment properties.

Reconciliation of effective tax	2022		2021	
	SEK m.	%	SEK m.	%
Profit before taxes	7,679		17,134	
Tax according to applicable tax rates	-1,582	21	-3,530	21
Difference in tax rates for foreign operations	7	-0	-2	0
Non-taxable revenues and non-deductible expenses ¹	-310	4	1,271	-7
Standard interest on tax-deferral reserve	-3	0	-3	0
Tax attributable to preceding years	7	-0	5	-0
Change in tax rate for deferred tax assets/liabilities			-31	0
Other	-26	0	79	-1
	-1,907	25	-2,211	13

¹) Primarily attributable to the result from participations in associated companies.

RECOGNIZED IN OTHER COMPREHENSIVE INCOME

2022, SEK m.	Before tax	Tax	After tax
Hedge accounting	3,037	-618	2,419
Translation difference on foreign operations	72		72
Hedging of currency risk in foreign operations	-28	6	-22
Revaluation of forest land	4,373	-901	3,472
Financial assets measured at fair value	-3,048	304	-2,744
Actuarial revaluations	37	-7	30
Associated companies and joint ventures – net			319
	4,443	-1,216	3,546
2021, SEK m.	Before tax	Tax	After tax
Hedge accounting	504	-105	399
Translation difference on foreign operations	180		180
Hedging of currency risk in foreign operations	-39	8	-31
Revaluation of forest land	3,345	-689	2,656
Financial assets measured at fair value	3,071	-518	2,553
Actuarial revaluations	-7	5	-2
Associated companies and joint ventures – net			188
	7,054	-1,299	5,943

RECOGNIZED IN BALANCE SHEET

SEK m.	2022	2021
Receivables		
Deferred tax assets	2	3
Current tax assets	589	70
	591	73
Liabilities		
Provisions for taxes		
Deferred tax liability	28,452	26,717
Current tax liability	157	160
	28,609	26,876

Deferred tax assets and liabilities

2022, SEK m.	Asset	Liability	Net
Tangible fixed assets		-1,143	-1,143
Biological assets		-6,153	-6,153
Forest land		-4,553	-4,553
Investment properties		-13,668	-13,668
Financial investments		-1,002	-1,002
Untaxed reserves		-1,146	-1,146
Hedge-accounted transactions		-789	-789
Other provisions ¹	2	3	5
	2	-28,452	-28,449

2021, SEK m.	Asset	Liability	Net
Tangible fixed assets		-1,171	-1,171
Biological assets		-6,016	-6,016
Forest land		-3,648	-3,648
Investment properties		-13,504	-13,504
Financial investments		-1,331	-1,331
Untaxed reserves		-902	-902
Hedge-accounted transactions		-196	-196
Other provisions ¹	3	50	53
	3	-26,717	-26,714

¹) Including deferred tax assets recognized net among deferred tax liabilities.

The Swedish Tax Agency has refused Holmen deductions on tax losses in Spanish subsidiaries that were liquidated. Holmen intends to appeal the decision. The deductions corresponds to SEK 386 m. in tax, but no tax receivable has been recognized for this.

Change in deferred tax on temporary differences and loss carryforwards

2022, SEK m.	Opening balance	Recognized in net profit for the year	Recognized in other comprehensive income	Translation differences and other ¹	Closing balance
Tangible fixed assets	-1,171	-6		34	-1,143
Biological assets	-6,016	-137		0	-6,153
Forest land	-3,648	-4	-901	0	-4,553
Investment properties	-13,504	-165			-13,668
Financial investments	-1,331	25	304		-1,002
Untaxed reserves	-902	-245			-1,146
Other	-143	-27	-619	6	-784
	-26,714	-559	-1,216	39	-28,449

¹) Of which SEK 39 m. in tangible fixed assets and SEK 7 m. in Other in relation to business combinations for the year.

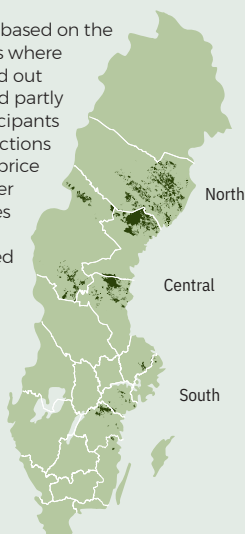
NOTE 16 – FOREST ASSETS

Holmen's owns land totalling 1,305,000 hectares, of which 1,045,000 hectares comprise productive forest land with an estimated volume of standing timber of 125 million cubic metres (m³) of growing stock, solid over bark. The holdings are distributed over three regions in Sweden.

	North	Central	South	Total
Productive forest land, '000 ha	690	264	92	1,045
Volume of standing timber, millions m ³ growing stock, solid over bark	75	36	15	125

Forest assets are recognised at fair value, calculated based on the transaction prices for forest properties in those areas where the Group owns forest land. The calculation is carried out through an appraisal of the valuations that are based partly on price statistics published by various market participants and partly on detailed information regarding transactions with forest properties over the past three years. The price statistics refer to SEK per m³ growing stock, solid over bark, which is paid on average in the various counties in Sweden where Holmen has land. The calculation based on transactions with forest properties is carried out as a regression analysis based on transactions exceeding 20 hectares in the areas where Holmen has land.

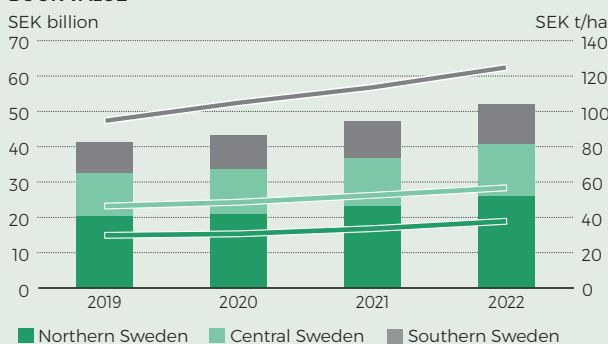
The value of the forest assets is allocated in the balance sheet to growing trees, SEK 29,867 m, recognised as a biological asset, and forest land, SEK 22,284 m. The book value of forest assets amounted to SEK 52,151 m. (47,080).



SEK m.	Biological assets		Forest land		Total	
	2022	2021	2022	2021	2022	2021
Opening carrying amount	29,204	28,663	17,876	14,538	47,080	43,202
Acquisitions	33	24	38	18	71	42
Divestments	-6	-93	-3	-27	-9	-120
Investment in reforestation	127	142			127	142
Change due to harvesting	-836	-695			-836	-695
Unrealized change in fair value	1,345	1,158	4,373	3,345	5,718	4,503
Other changes	0	5	0	2	0	7
Closing carrying amount	29,867	29,204	22,284	17,876	52,151	47,080

The value per hectare varies between different parts of the country, with forest properties in southern Sweden being valued much higher per hectare as a result of a greater volume of standing timber, higher site quality, a shorter harvesting cycle and greater demand for forest land. The graph below shows Holmen's reported value of forest assets by region, stated in both SEK m. and in SEK per hectare.

BOOK VALUE



The scale on the left applies to the columns and the scale on the right to the lines.

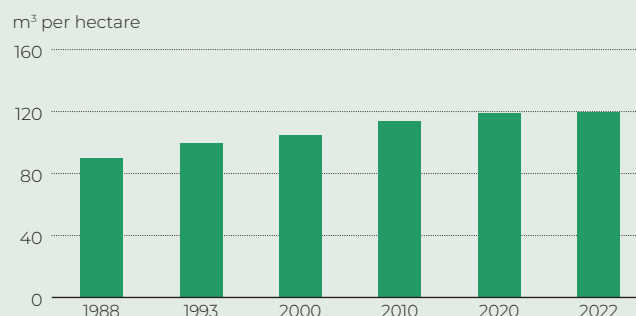
The recognised value of forest assets is primarily dependent on how large the volume of standing timber is estimated to amount to and the market price per m³ growing stock, solid over bark calculated based on price statistics and transaction data collected from external parties. The table below shows how the value is affected by changes in the size of the volume of standing timber and the market price, respectively.

SEK m.

Price statistics and market data		
North Sweden	SEK 10/m ³ growing stock, solid over bark	750
Central Sweden	SEK 10/m ³ growing stock, solid over bark	360
Southern Sweden	SEK 10/m ³ growing stock, solid over bark	150
Holmen's volume of standing timber	1 million m ³ growing stock, solid over bark	420

The size of Holmen's volume of standing timber is calculated based on the most recent inventory, updated with the completed harvest and estimated growth after the time of inventory. In the most recent inventory, an external party carried out a random sample inventory with a standard error of 1.4%. The inventory is normally carried out every ten years. The diagram below shows the volume of standing timber measured as m³ growing stock, solid over bark, per hectare in the inventories carried out since 1988 and the estimated volume of standing timber at December 31, 2022.

VOLUME OF STANDING TIMBER m³ GROWING STOCK, SOLID OVER BARK PER HECTARE PRODUCTIVE FOREST LAND, AVERAGE FOR HOLMEN'S FOREST ASSETS



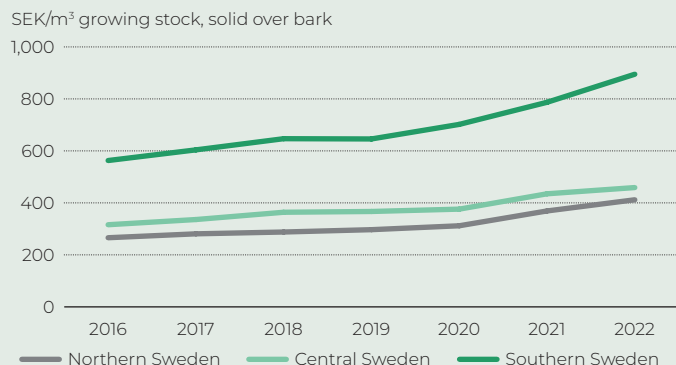
The price statistics used in the valuation are public information that comes from market participants who are independent from Holmen. The transaction data that are used come from Lantmäteriet (the Swedish mapping, cadastral and land registration authority) and were processed by an external party. In the areas where Holmen has land about 300 transactions involving forest properties are carried out annually. Transactions between legal entities are not normally included in the calculations for price statistics or transaction data. Holmen has chosen to use three years of price statistics and transaction data in the valuation. If a different time period were used, the book value would be affected.

Market data	2022	2021	2020	2019
Number of transactions	322	308	263	246
Average size of property (ha)	138	140	117	122

NOTE 16 – cont.

The diagram below shows the price for forest properties measured in SEK per m³ growing stock, solid over bark, based on annual price statistics and transaction data for the regions in the country where Holmen owns land.

PRICE OF FOREST PROPERTIES



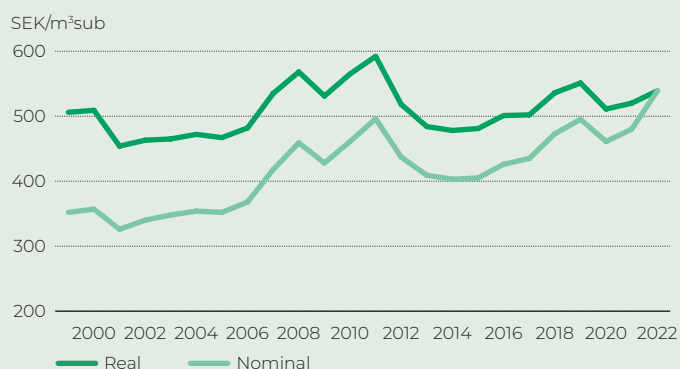
To verify Holmen’s own valuation of the forest assets, an external independent valuation of parts of the forest holdings is carried out every year, with the aim of having a reference valuation of the entire forest holdings over five years. Since Holmen began to recognise forest assets at fair value in 2019, the company Forum Fastighetsekonomi has carried out external valuations each year. At the end of 2022, forest properties corresponding to 90% of the book value were valued by Forum Fastighetsekonomi. The external valuations exceeded the internal valuations by 7%.

BIOLOGICAL ASSETS

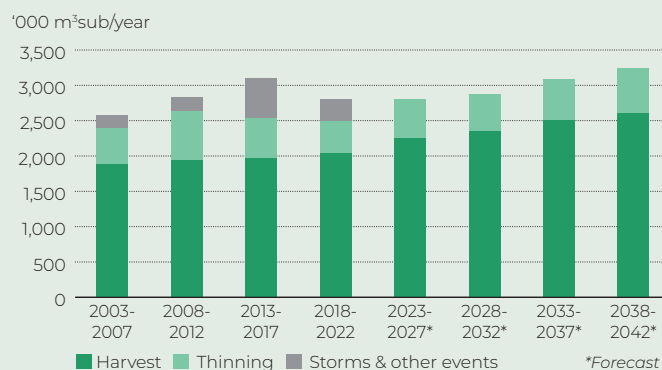
The value allocated to the biological assets is established by calculating the present value of expected future cash flows, less selling costs but before tax, from harvesting those trees currently growing. The trees that are currently growing are expected to be harvested when they reach an age of 85 years. The volumes are based on the long-term harvest plan that was updated in 2020. Income and costs are calculated based on long-term trend levels. The trend price that was used was SEK 476/m³sub (466), which is somewhat lower than current prices. The costs are based on the current level adjusted for temporary effects. Prices and costs are revised up by 2% each year. A discount rate before tax of 4.5% (4.5) has been used. Costs for replanting after harvest have not been included.

The change in value of biological assets, calculated as the net of the change as a result of harvesting and the unrealised change in fair value is stated in the income statement and totalled SEK 509 m. (464).

WOOD PRICES



PLANNED HARVEST



The table below shows how the value of biological assets would be affected by changes in the most significant valuation assumptions.

SEK m.

Annual change 0.1% per year	
Harvest rate	1,080
Price inflation	1,620
Cost inflation	-670
Change in level +1%	
Harvesting	350
Prices	523
Costs	-220
Discount rate +0,1%	-840

Annual change refers to the annual rate of change used in the valuation of each parameter. For example, an increase of 0.1% means that the annual price inflation will be increased from 2.0% to 2.1% in the calculations.

Change in level means that the level for each parameter and year changes. For example, a 1% price increase means that the wood prices in the calculations are raised by 1% for all years (change of level).

Please note that the discounted cash flow model for biological assets only affects the allocation of the value of forest assets between biological assets and forest land. Changes in assumptions should not affect the value of the forest assets but simply move the value between biological assets and forest land.

FOREST LAND

The book value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. This value reflects future income from sources other than the harvest of currently standing trees, such as leasing of land for wind power, quarrying, hunting leases, licence income and harvesting future generations of trees.

The change in fair value for forest land is recognised in other comprehensive income and totalled SEK 4,373 m. (3,345). No value is assigned to land that is not productive forest land.

m³sub = Cubic meter solid volume under bark. The actual volume (no gaps between the logs) of whole stems or stemwood excluding bark and treetops. Generally used as a measure for harvested wood.

m³ growing stock, solid over bark = Cubic meter growing stock solid over bark. The volume of tree stems, including bark, from stump to top. Generally used as a measure for harvested wood.

site quality = a measurement of growth in m³ growing stock, solid over bark per year under ideal conditions.

NOTE 17 – INVESTMENT PROPERTIES

Investment properties are recognized at fair value. The fair value is the price that would be received for sale at the time of valuation as a result of a transaction in a core market (or the most favorable market) under current market conditions (exit price), regardless of whether the price is directly observable or calculated using another valuation method.

2022, SEK m.	Residential	Commercial	Total
Opening fair value	13,232	63,456	76,688
Investments	346	1,374	1,720
Unrealized change in value	-1,037	378	-659
Closing fair value	12,541	65,209	77,749
2021, SEK m.	Residential	Commercial	Total
Opening fair value	11,453	59,319	70,772
Investments	353	967	1,320
Unrealized change in value	1,427	3,170	4,597
Closing fair value	13,232	63,456	76,688

Information about fair value of investment properties

All properties classified as investment properties are owned by the Group and encompass land, buildings, building equipment and refurbishment of existing properties, as well as new buildings. The value of the real estate portfolio has been assessed internally by fair valuing every single property. The investment amount does not include any capitalized loan expenses during the year (SEK 5 m.).

Impact on net profit during the year

All properties generate rental revenues with the exception of ongoing new construction and those comprising undeveloped land. Rental revenues for the year (gross less vacancies and discounts) amounted to SEK 3,689 m. (3,470). Costs distributed by type are presented in the table below.

Type of cost, SEK m.	2022	2021
Operation and administration	433	412
Maintenance	215	199
Personnel costs	325	295
Property taxes	317	283
Depreciation	12	12
	1,302	1,201

Maturity structure for operational leases (the Group as lessor). Rent in accordance with the agreement is presented below.

SEK m.	2023	2024	2025	2026	2027	2028-	Total
Residential	172						172
Offices	1,804	1,537	1,062	790	585	1,859	7,636
Retail	811	633	458	247	145	269	2,563
Other	150	108	79	50	35	46	469
Total	2,937	2,278	1,599	1,088	764	2,174	10,840
Proportion, %	27	21	15	10	7	20	100

Valuation method

The valuation of all properties occurs at level three in the valuation hierarchy.

Lundbergs – The real estate portfolio was valued by assessing the fair value of every single property. The valuations were based on both location-price data and the present value of estimated future payment flows. The present value calculation is based on discounted cash flow over the coming ten-year period and thereafter calculating a perpetual yield. The calculation of cash flow is based on assumed long-term inflation of 2.0%, normalized rental revenue and maintenance costs and a normalized vacancy rate. Subsequently, this calculation is weighted using various location-price factors in a final valuation. The input data used for valuation is stated below.

	Residential		Commercial	
	Interval	Weighted average	Interval	Weighted average
Net operating income, SEK/sqm	500 - 1,600	900	400 - 7,600	1,800
Vacancy, %	1.0 - 2.7	1.3	1.0 - 5.4	3.9
Required yield residual value, %	2.51 - 6.34	4.04	3.70 - 7.94	4.88

All rents are assessed to be market based. Growth assumption is assessed individually for each property. The discount factor is calculated as the required yield plus the growth assumption during the forecast period. The growth assumption in turn is connected to the assumed inflation for the same period but is assessed individually for each property taking into account lease terms, vacancy risk, technical condition, etc.

The estimated required yield is based on information obtained on the yield requirement in the market pertaining to current purchases and sales of comparable properties in similar locations. The information is checked with valuation and consulting companies.

Lundbergs' real estate portfolio was valued at SEK 28.2 bn. (27.9). To ascertain the valuation, independent valuations were obtained externally for 38 properties, corresponding to 51% of the portfolio in terms of value. The external valuations for these properties provided a market value of SEK 15.2 bn., while the figure for the internal valuations was SEK 14.5 bn. The internal valuations favorably match the external valuations.

Hufvudstaden – The real estate portfolio was valued by assessing the fair value of every single property. The value was established through utilization of a variation on the location-price method termed the net capitalization method. This method means that the market's yield requirement is placed in relation to the properties' net operating income.

The estimated required yield is based on information received about yield requirements in the market in terms of current purchases and sales of comparable properties in similar locations. If few or no business transactions have been conducted in the property's subarea, transactions in adjacent areas are analyzed. Transactions that are not completed are still able to give indications of the yield requirements in the market. Consideration was also given to the various types of properties, technical standards and building structures. The yield requirements used in the valuation differ between various regions and different subareas within the regions. The information is checked with valuation and consulting companies.

Since December 31, 2017, Hufvudstaden's average yield requirement has varied from 3.5% to 3.8% and amounted to 3.7% at December 31, 2022. For leasehold properties, the calculation has been based on a required yield that is 0.20 percentage points higher. Net operating income is based on market rental revenue, which is market adapted by adjusting current rents to reflect newly signed and renegotiated leases, taking into account the anticipated rent trend. Income has been reduced for an assessed long-term rental vacancy rate. The vacancy rate is based on the real estate portfolio's actual outcome over a business cycle, and the anticipated rental situation for the individual property. In the valuation, the average vacancy rate was assessed at 4%. The actual average vacancy rate during 2013-2022 varied between 1 and 7% and was 4% on December 31, 2022.

Deductions were made for standard operation and maintenance costs, excluding charges passed on to tenants and parts of property administration. These are based on actual outcome and adjusted for temporary deviations. The average cost per square meter in the past five years has been within the SEK 500-600 interval and the estimated cost in the valuation on December 31, 2022 was at a corresponding level. The input data used for valuation is stated below.

NOTE 17 – cont.

Office and retail	Interval	Weighted average
Net operating income, SEK/sqm	1,490 - 8,270	4,970
Vacancy, %	2 - 5	4
Required yield, Stockholm, %	3.3 - 3.8	3.5
Required yield, Gothenburg, %	4.3 - 5.0	4.5
Required yield, total, %	3.7	

Hufvudstaden's real estate portfolio was valued at SEK 49.5 bn. (48.8). To safeguard the valuation, independent valuations of 9 properties were obtained, corresponding to 43% of the internally estimated fair value. The external valuation firms arrived at a market value of SEK 21.9 bn. Hufvudstaden's internal valuation of the same properties amounted to SEK 21.3 bn. The internal valuations favorably match the external valuations.

Sensitivity analysis

The fair value of a property can only be established with certainty at divestment. In connection with valuation, an interval is often stated to demonstrate the uncertainty in the estimation of a property's value. The value interval usually amounts to ± 5% but may vary depending on such criteria as the market situation, the property's technical standard and investment requirements.

Lundbergs' real estate portfolio is valued at SEK 28.2 bn. based on an assumed uncertainty interval of ± 5%, which corresponds to a change in the property value of ± SEK 1.4 bn. The most significant factors that influence valuation and their effect on the fair value are stated below.

	Changes	Impact on value, SEK m.	
		Residential	Commercial
Net operating income	SEK 50/sqm	717	440
Required yield, residual value	-0.25 percentage point	826	846
	+0.25 percentage point	-730	-764
Rental vacancy	-1.0 percentage point	183	197

Hufvudstaden's real estate portfolio is valued at SEK 49.5 bn. based on an uncertainty interval of ± 5%, which corresponds to a change in the property value of ± SEK 2.5 bn. The most significant factors that influence the valuation and their effect on the fair value are stated below.

	Change ±	Impact on value
		±, SEK m.
Rental revenue	SEK 100/sqm	1,050
Property costs	SEK 50/sqm	525
Rental vacancy rate	1.0 percentage points	660
Yield requirement	0.25 percentage points	3,320

NOTE 18 – RIGHT-OF-USE ASSETS (LEASING)

2022, SEK m.	Site leaseholds	Commercial premises	Machinery and equipment	Total
Acquisition value				
On January 1	677	347	224	1,248
Additional/Revaluation		29	76	105
Concluded agreements		-23	-92	-115
	677	353	208	1,239
Depreciation				
On January 1		-164	-155	-319
Amortization during the year		-50	-57	-106
Concluded agreements		23	94	117
		-191	-117	-308
Closing balance	677	163	91	931

2021, SEK m.	Site leaseholds	Commercial premises	Machinery and equipment	Total
Acquisition value				
On January 1	677	308	223	1,208
Business combination		72	14	85
Concluded agreements		-32	-13	-45
	677	347	224	1,248
Depreciation				
On January 1		-143	-94	-237
Amortization during the year		-53	-72	-125
Concluded agreements		32	11	43
		-164	-155	-319
Closing balance	677	183	69	929

Site leaseholds – The Group leases land for parts of its operations. In total, the Group has five site leaseholds whose leasehold fees total SEK 22 m. undiscounted. These leases are viewed as perpetual from the Group's perspective. Four of the leases will be renegotiated within a period of 0-3 years.

Commercial premises – The Group leases external office and warehouse premises for parts of its operations. The agreements normally have a term of between 5 and 10 years.

Machinery and equipment – The Group leases a number of different types of assets, primarily freighters, forklifts and cars. The lease term for this type of asset normally amounts to 2-5 years.

Carrying amounts 2022, SEK m.	Income statement	Balance sheet	Total
Depreciation amount for rights of use	-99	-2	-102
Interest expense for lease liabilities	-28	-0	-28
Revenues from forward leasing of right-of-use assets	6		6
Costs related to current lease liabilities	-0		-0
Costs related to low-value leases	-5		-5
Costs related to variable lease payments	-1		-1
Capitalized on management costs		-4	-4
	-128	-7	-135

Carrying amounts 2021, SEK m.	Income statement	Balance sheet	Total
Depreciation amount for rights of use	-119	-2	-122
Interest expense for lease liabilities	-27	-0	-27
Revenues from forward leasing of right-of-use assets	6		6
Costs related to current lease liabilities	-2		-2
Costs related to low-value leases	-6		-6
Costs related to variable lease payments	-1		-1
Capitalized on management costs		-4	-4
	-150	-7	-157

In 2022, the Group's disbursements attributable to leases amounted to SEK 139 m. (164). The payments include both amounts for leases recognized as a lease liability and amounts paid for variable lease payments, short-term leases and low-value leases. For leases that have a lease term of 12 months or less or with an asset with a low underlying value, no right-of-use asset or lease liability is recognized.

For a maturity analysis of liabilities pertaining to right-of-use assets, see Note 35.

NOTE 19 — PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies, SEK m.	2022	2021
Recognized on January 1	35,882	29,678
Investments	383	1,131
Participation in profit ¹	-1,691	5,814
Dividends received	-900	-919
Participation in other comprehensive income	318	186
Other	0	-7
	33,989	35,882

¹ Profit after tax and non-controlling interest in associated companies.

Joint venture, SEK m.	2022	2021
Recognized on January 1	81	75
Investments		3
Reclassification to Group company	-84	
Participation in profit	3	3
	-	81

	Number of shares Dec 31, 2022	Holding as a % ³		Carrying amount SEK m.	
		2022	2021	2022	2021
Associated companies¹					
<i>Parent Company's</i>					
Husqvarna AB ²	43,542,012	7.6 (25.5)	7.6 (25.4)	2,940	2,761
AB Industrivärden ²	82,500,000	19.1 (25.0)	18.8 (24.9)	24,102	26,834
Indutrade AB ²	96,840,000	26.6	26.6	5,267	4,612
<i>Subsidiaries'</i>					
Brännälvens Kraft AB	5,556	13.9	13.9	36	36
Gidekraft AB	990	9.9	9.9	0	0
Harrsele AB	9,886	49.4	49.4	1,522	1,518
Rebio AB	2,014	40.3	40.3	10	10
Uni4 Marketing AB	2,050	41.0	46.0	20	20
Vattenfall Tuggen AB	683	6.8	6.8	90	90
Various shares				1	1
				33,989	35,882
Joint ventures					
<i>Subsidiaries'</i>					
Varsvik AB			50.0		81
				33,989	35,963

¹ In those cases where the share of voting rights is less than 20%, significant control over the companies' operations is exercised through shareholder agreements.

² Based on the current share price, Husqvarna's fair value is SEK 3,199 m. (6,281), Industrivärden's is SEK 20,907 m. (23,305) and Indutrade's is SEK 20,443 m. (26,844).

³ The proportion is calculated after a deduction for treasury shares. The share of the voting rights is stated in parentheses in cases where it does not correspond to capital share.

The holdings in Brännälvens Kraft AB, Gidekraft AB, Harrsele AB and Vattenfall Tuggen AB refer to hydro power assets. The holdings entitle Holmen to buy electricity produced at cost price, so the associates only earn a very limited profit. Purchased electricity is sold to external customers at market price, and the the result is reported in the Holmen segment.

In 2021, a value of SEK 240 m. regarding dividend from Handelsbanken of 861,538 Series A shares in Industrivärden is also reported as an investment.

Financial information about Parent Company's associated companies

Owned share, SEK m.	2022	2021
Revenues	12,310	10,845
Profit	-1,725	5,778
Assets	38,069	37,969
Liabilities	6,368	6,765
Shareholders' equity	31,701	31,205

Further information about the Parent Company's associated companies is presented in Note 2.

Financial information about the subsidiaries' associated companies

The combined value of the subsidiaries' share in the comprehensive income of associated companies is SEK 10 m. (0).

During the year, Holmen purchased 553 GWh (515) of electricity from Harrsele AB, resulting in operating profit of SEK 437 m. (180) from sales in the open market. Harrsele AB owns power assets that generate 950 GWh of electricity in a normal year. The carrying amount of Harrsele AB's fixed assets is SEK 169 m. (155).

Financial information about joint ventures

The combined value of the subsidiaries' share in the comprehensive income of joint ventures is SEK 2 m. (2).

NOTE 20 — FINANCIAL INVESTMENTS

	Shareholding, Dec 31, 2022 as a % of		SEK m.	
	share capital	voting rights	2022	2021
Financial assets ^{1,2}				
Alleima	6.1	6.1	591	
Handelsbanken A	2.9	3.0	6,096	5,480
Sandvik	2.8	2.8	6,500	8,588
Skanska A ³	5.4	13.0	1,095	1,554
Skanska B			2,698	3,759
			16,979	19,381

¹ Measured at fair value through other comprehensive income, whereby the value at December 31 of the particular year exceeded the acquisition value of all shares.

² The change in value is recognized in other comprehensive income to avoid earnings volatility.

³ The market value of Series A Skanska shares has been calculated based on a 10% premium on the price of publicly traded Series B shares.

The assets have been measured at fair value based on the current stock-market price. Should the asset comprise shares of various series, the percentage of share capital and voting rights is stated jointly for the holding. Dividends totaling SEK 672 m. (644) were received.

In 2022, Sandvik distributed all shares in the wholly owned subsidiary Alleima. This resulted in the acquisition of 6,900,000 shares in Alleima at a tax value of SEK 193 m. In addition, shares in Industrivärden, corresponding to a book value of SEK 240 m., were received in 2021 as a dividend from Handelsbanken.

NOTE 21 – FINANCIAL INSTRUMENTS

Non-current financial receivables comprise interest-bearing financial receivables from other companies, prepaid expenses for loan commitments and the market value of long-term derivatives. Interest-bearing investments and lending with maturities of up to one year, accrued interest income and unrealized exchange-rate gains, as well as the market value of derivatives, are recognized as **current financial receivables**. In all significant respects, current financial receivables have an interest-rate maturity of less than three months and are thus subject to a highly limited interest-rate risk.

Cash and cash equivalents comprise bank balances and investments that can be readily converted to cash at a known amount and with a maturity of at most three months from the acquisition date, which means that the interest-rate risk is insignificant. Liquidity is invested in bank accounts or as short-term deposits in banks.

Loan liabilities, accrued interest expense, unrealized exchange-rate losses and the market value of derivatives are recognized as **financial liabilities**. Financial liabilities are in all significant respects interest-bearing. In addition to the financial assets and liabilities identified above, interest-bearing net debt also includes liabilities for right-of-use assets (see Note 18) and the pension obligations (see Note 29).

The ongoing reference rate reform only has a marginal impact, since interest derivatives are almost exclusively denominated at the Swedish reference rate. For such currencies where the reference rate reform is underway, continued hedge accounting will apply while the reform is in progress. Nevertheless, these hedges are expected to be effective in the future.

No provision has been posted for expected credit losses on the financial assets included in net debt because no losses have been incurred over the past ten years and the assets owned on the balance sheet date are adjudged to have a high credit quality.

The maturity structure and average interest rate for the Group's liabilities are presented in Note 35.

In accordance with IFRS 13, financial instruments are recognized in accordance with the fair value hierarchy in three levels based on the input data used in the measurement.

Measurement of financial investments (shares) and shares in listed companies is based on quoted prices for similar instruments, meaning that they are attributable to Level 1. If no quoted market prices are available, fair value has been calculated by discounting cash flows. When calculations of discounted cash flows have been performed, such variables as discount interest rates and exchange rates used in the calculations have been derived from market quotations, wherever possible. When calculating discounted cash flows, the average of the exchange rates and discount interest rates is used. These valuations belong to Level 2. Since Series A Skanska shares are not publicly traded, their value has been calculated based on a 10% premium on the price of publicly traded Series B shares, which is based on assumptions that are not substantiated by prices of observable data and is thus attributable to Level 3. During the year, the value change was SEK -459 m. (163), which was entirely attributable to unrealized changes in value and has been recognized in other comprehensive income under Financial assets measured at fair value.

As of December 31, 2022 there were no offsetting of assets and liabilities in the balance sheet. Recognized derivatives amounted to SEK 5,020 m. (1,097) on the asset side and SEK 1,161 m. (191) on the liability side.

In the tables, fair value is calculated by means of discounted cash flows and all variables used in the calculations, such as discount interest rates and exchange rates, have been derived from market quotations. The difference between fair value and carrying amount results from certain liabilities not being market valued in the balance sheet but recognized at amortized cost. The fair value of accounts receivable and accounts payable is stated as the carrying amount, which is adjudged to accurately reflect the fair value.

Financial instruments included in net financial debt

SEK m.	Recognized at fair value through profit or loss ¹		Hedging instruments recognized at fair value ²		Recognized at amortized cost		Total carrying amount		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Long-term financial receivables										
Derivatives			78	19			78	19	78	19
Other financial receivables					44	273	44	273	44	273
			78	19	44	273	122	292	122	292
Current financial receivables										
Accrued interest					5	0	5	0	5	0
Derivatives	2	6	7				9	6	9	6
Other financial receivables					6	33	6	33	6	33
	2	6	7		12	33	21	39	21	39
Cash and cash equivalents										
Short-term investments					1,345	62	1,345	62	1,345	62
Bank balances					1,446	2,149	1,446	2,149	1,446	2,149
					2,790	2,211	2,790	2,211	2,790	2,211
Long-term financial liabilities										
Bank loans					2,500	1,500	2,500	1,500	2,512	1,506
Bond loans					11,800	16,300	11,800	16,300	11,508	16,329
Derivatives	-37	-5		6			-37	1	-37	1
Other long-term liabilities					2	5	2	5	2	5
	-37	-5		6	14,302	17,805	14,265	17,806	13,985	17,841
Current financial liabilities										
Commercial papers					600	700	600	700	600	700
Bank loans						500		500		500
Bond loans					5,000	2,200	5,000	2,200	4,948	2,204
Liabilities to bank accounts					1	3	1	3	1	3
Derivatives	3	11	5	12			7	23	7	23
Accrued interest					108	90	108	90	108	90
Other current liabilities					80	77	80	77	80	77
	3	11	5	12	5,789	3,570	5,796	3,593	5,744	3,597

¹ Pertains to instruments that have to be measured at fair value according to IFRS 9.

² Recognized through other comprehensive income

NOTE 21 – cont.**Financial instruments not included in net financial debt**

SEK m.	2022	2021
Assets		
Financial investments ¹	16,979	19,381
Shares in listed companies ²	855	1,007
Shares in unlisted companies ²	2	2
Accounts receivable	2,980	2,443
Recognized among operating receivables		
Derivatives ²	200	34
Hedge accounted derivatives	4,732	1,037
Liabilities		
Accounts payable	4,184	3,190
Recognized among operating liabilities		
Derivatives ²	332	58
Hedge accounted derivatives	859	99

¹) Items recognized at fair value through other comprehensive income.

²) Items recognized at fair value through profit or loss.

For the items in the table above, the carrying amount is the same as the fair value.

Interest-bearing net debt

SEK m.	2022	2021
Long-term financial receivables	-122	-292
Current financial receivables	-21	-39
Cash and cash equivalents	-2,790	-2,211
Long-term financial liabilities	14,265	17,806
Long-term liabilities, right-of-use assets	840	855
Pension obligations	145	204
Current financial liabilities	5,796	3,593
Current liabilities, right-of-use assets	98	80
	18,210	19,995

Financial instruments measured at fair value

SEK m.	2022	2021
Assets measured at fair value		
Financial investments	16,979	19,381
Shares in listed companies	855	1,007
	17,834	20,388

Of the amount recognized above, SEK 16,739 m. (18,835) is recognized according to Level 1, while SEK 1,095 m. (1,554) is attributable to Level 3.

The value of assets measured according to Level 3 changed by SEK -459 m. (163), which was entirely attributable to unrealized changes in value, and has been recognized in other comprehensive income.

Derivatives recognized according to Level 2 amounted to SEK 5,020 m. (1,097) on the asset side and SEK 1,161 m. (191) on the liability side.

NOTE 22 – PROPERTIES CLASSIFIED AS CURRENT ASSETS

Properties classified as current assets (development properties) are held with the intention of developing them into buildable land or, alternatively, projects for sale. They are valued in accordance with the lowest value principle per property or per valuation unit. Required impairment losses and recovery of previous impairments are recognized under operating costs.

SEK m.	2022	2021
On January 1	142	115
Acquisitions during the year	60	50
Divestments and scrappage	-46	-22
	156	142

Includes SEK 1 m. (1) for accumulated impairment losses. The estimated fair value in accordance with internal valuations was SEK 565 m. (569).

NOTE 23 – INVENTORIES

SEK m.	2022	2021
Shares in listed companies	855	1,007
Harvesting rights	810	664
Electricity certificates and emission rights	116	45
Finished products and products in progress	2,322	1,778
Raw materials and consumables	1,234	975
Timber and pulpwood	356	355
NK Retail	221	155
	5,913	4,980

Changes in value pertaining to shares in listed companies are recognized in net profit for the year in accordance with IAS 9, meaning at current market price. During the year, impairment losses and reversal of previously impairment losses on inventories of finished goods had a negative impact on profit of SEK 65 m. (pos:7) and impairment losses on other inventories had a negative impact of SEK 7 m. (5).

NOTE 24 – OPERATING RECEIVABLES

SEK m.	2022	2021
Rent receivable and accounts receivable ¹	2,980	2,443
Other operating receivables		
Prepaid expenses and accrued revenues	650	236
Accrued rental revenues	26	23
Derivatives	4,933	1,072
Other receivables	951	471
	6,559	1,802
	9,539	4,244

¹) The amount for accounts receivable includes SEK 69 m. (50) for receivables from associated companies.

Accounts receivable are recognized in the amount that is expected to be paid based on an individual assessment of each customer. Accounts receivable are primarily from European customers. Accounts receivable in foreign currency have been valued at the year-end exchange rate. At year-end, the provision for expected credit losses in Holmen amounted to SEK 28 m. (28) and accounts receivable past due by more than 30 days to SEK 29 m. (19). Property-related customer bad debts during the year amounted to SEK 8 m. (1) and overdue but not written down customer and rental receivables amounted to SEK 34 m. (36). The market value of derivatives pertains to hedges of future cash flows. Also refer to Note 35.

NOTE 25 – CASH FLOW STATEMENT

Interest, SEK m.	2022	2021
Interest received	12	8
Interest paid	-273	-243
	-261	-235

Non-cash items, SEK m.	2022	2021
Depreciation	1,391	1,304
Impairment losses	87	
Results from participations in associated companies and joint ventures	2,591	-4,895
Changes in value, investment properties	659	-4,597
Changes in value, derivatives	-33	-8
Changes in value of biological assets	-509	-464
Other ¹	219	-863
	4,406	-9,522

¹) Consists primarily of currency effects and market-value adjustments of financial instruments, as well as capital gains/losses on sales of fixed and current assets. In 2021, a value of SEK 240 m. regarding dividend received from Handelsbanken regarding shares in Industrivärden is included.

NOTE 25 – cont.

The change in current liabilities pertains primarily to borrowing under commercial paper programs. Under commercial paper programs, a total of SEK 1,700 m. (4,750) was borrowed on a short-term basis, divided among several loans and SEK 1,800 m. (6,000) was repaid.

Instrument	2022	Cash flow	Currency and market revaluations	New agreements	2021
Commercial papers	600	-100			700
Bond loans	16,800	-1,700			18,500
Bank loans	2,500	500			2,000
Liabilities, right-of-use assets	937	-62	-25	90	935
Other financial liabilities	161	-36	-2		199
Pension obligations	145	-9	-49		204
	21,143	-1,407	-77	90	22,538

Instrument	2021	Cash flow	Currency and market revaluations	Business combinations and new agreements	2020
Commercial papers	700	-1,250			1,950
Bond loans	18,500	2,400			16,100
Bank loans	2,000				2,000
Liabilities, right-of-use assets	935	-157	45	69	977
Other financial liabilities	199	-41	3		237
Pension obligations	204	-6	-14		224
	22,538	946	34	69	21,488

NOTE 26 – SHAREHOLDERS' EQUITY

Share capital	Number	Quotient value	SEK m.
Dec 31, 2022			
Series A	96,000,000	SEK 10	960
Series B	152,000,000	SEK 10	1,520
	248,000,000		2,480
Dec 31, 2021			
Series A	96,000,000	SEK 10	960
Series B	152,000,000	SEK 10	1,520
	248,000,000		2,480

The company's share capital comprises shares issued in two series, Series A, each carrying ten votes, and Series B shares, each carrying one vote. The Series B share is listed on Nasdaq Stockholm, Large Cap. Shareholders are entitled to request conversion of Series A shares to Series B shares. No such conversions were effected during the year.

Shareholders' equity

Shareholders' equity comprises share capital, reserves and profit brought forward including net profit for the year. The profit brought forward comprises the preceding year's profit brought forward and profit after deduction for dividends paid during the year.

NOTE 27 – RESERVES

SEK m.	2022	2021
Hedging reserve		
Reserve, January 1	199	66
Cash flow hedging for the year	1,025	168
Tax attributable to hedging during the year	-209	-35
	1,015	199
Translation reserve		
Reserve, January 1	282	102
Translation differences during the year	271	165
Tax attributable to translation reserve during the year	20	15
	573	282
Fair value reserve		
Reserve, January 1	8,735	6,182
Change in value recognized directly in other comprehensive income	-3,048	3,071
Tax attributable to changes in value	304	-518
	5,991	8,735
Revaluation reserve		
Reserve, January 1	4,597	3,695
Translation differences during the year	1,487	1,137
Tax attributable to revaluation reserve during the year	-306	-234
	5,779	4,597
Total reserves, SEK m.		
Reserve, January 1	13,813	10,044
Change during the year in:		
Hedging reserve	816	133
Translation reserve	291	180
Fair value reserve	-2,744	2,553
Revaluation reserve	1,181	903
	13,358	13,813

The hedging reserve includes the effective portion of accumulated net changes in the fair value of a cash flow hedging instrument attributable to underlying transactions that have not yet occurred.

The translation reserve includes all exchange-rate differences that arise in the translation of financial statements from foreign operations that were prepared in currencies other than SEK. The translation reserve also includes exchange-rate differences that arise from the revaluation of liabilities and derivatives that were entered as hedging instruments in a net investment in a foreign operation.

The fair value reserve includes the accumulated net change in the fair value of financial assets recognized at fair value through other comprehensive income.

Revaluation reserve comprises changes in the value of forest land.

NOTE 28 — NON-CONTROLLING INTERESTS

Non-controlling interests arise from the occurrence of subsidiaries that are not wholly owned. In the L E Lundbergföretagen Group, this comprises mainly the non-owned portions of Holmen AB (publ) and Hufvudstaden AB (publ).

Capital attributable to non-controlling interests

SEK m.	2022	2021
Opening balance	47,584	43,471
Net profit for the year	4,259	3,556
Other comprehensive income		
Reserves	3,922	2,117
Actuarial revaluation of pension liability	-3	-4
Dividend	-1,507	-1,417
Share-savings plan in Holmen	6	8
Changes in Group composition	-140	-148
Closing balance	54,120	47,584

NOTE 29 — PENSION OBLIGATIONS

For a description of pension commitments within the Group, see Accounting policies, Note 1. The provision for pensions totals SEK 145 m. (204), of which Lundbergs accounted for SEK 107 m. (148), Holmen for SEK 7 m. (24) and Hufvudstaden for SEK 32 m. (32). Information on plans recognized as defined-benefit obligations in accordance with IAS 19 is presented below.

Lundbergs

Defined-benefit occupational pension plans exist under FPG/PRI programs. The change in defined-benefit pension commitments is specified below.

SEK m.	2022	2021
Obligation, January 1	148	150
Benefits vested during the period	4	5
Interest	2	2
Actuarial gain/loss	-34	-4
Pension payments	-3	-3
Special employer's contribution	-11	-1
Obligation, December 31	107	148
<i>Of which, credit insured via FPG</i>	<i>83</i>	<i>69</i>

During the year, pension costs of SEK 4 m. (5) pertaining to defined-benefit plans were recognized in profit or loss. Interest expense during the year on the pension liability amounted to SEK 2 m. (2). The year's actuarial revaluation was negative SEK 34 m. (4) and was recognized in other comprehensive income. The actuarial gain of SEK 34 m. comprises loss of SEK 10 m. resulting from experience-based adjustments, and a profit of SEK 44 m. due to effects of changed financial assumptions. On an accumulated basis, actuarial revaluations amounted to SEK 22 m. (56). The duration of the obligation is 17 years (20).

Significant actuarial assumptions, %	2022	2021
Discount interest rate	3.7	1.8
Future pay increases	3.0	3.1
Future inflation	2.0	2.1
Lifespan assumption after 65 years of age men/women - retired members	22/24	22/24
Lifespan assumption after 65 years of age men/women - for members who are 45 years old	24/26	24/26
Lifespan table	DUS21	DUS14

The table below shows how the obligation would be influenced in the event of a change in the significant actuarial assumptions (- decreases debt, + increases debt).

Sensitivity analysis, SEK m.	2022	2021
Discount rate (+0.5%)	-8	-12
Future pay increases (+0.5%)	3	4
Future inflation (+0.5%)	7	11
Mortality (+1 year in expected lifespan)	4	6

Payments to defined-benefit plans in 2023 are estimated at SEK 3 m.

Multi-employer plans

The family pension is secured through insurance at Alecta. The cost amounted to SEK 4 m. (4) and is included in operating profit. The pension for those white-collar employees who have selected the alternative ITP option and the occupational pension for blue-collar employees are defined-contribution pensions. The costs amounted to SEK 0 m. and SEK 1 m. respectively and are included in operating profit.

Holmen

There are pension commitments in trusts in the UK. In 2022, the trusts entered into an agreement with a life assurance company which, in return for a one-off payment made in December 2022, will compensate the trusts for all of their future pension disbursements and therefore assumes the risk of changes in future pension payments as a result of changes in inflation, mortality, etc. Defined-benefit pension commitments for group management in Sweden that are in addition to the ITP plan are secured via a foundation. The change in the defined-benefit pension commitments and the change in plan assets are specified in the following table. Just over 90 % of the commitments below pertain to pension plans in the UK.

SEK m.	2022	2021
Obligation		
Obligation, January 1	2,070	2,161
Cost of service, current year	6	9
Payroll tax	-6	-0
Interest expense	39	28
Actuarial gains/losses	-574	-151
Pension payments	-116	-92
Indexation change		-65
Exchange differences	52	179
Obligation, December 31	1,471	2,070
Plan assets		
Fair value of plan assets, January 1	2,568	2,231
Recognized interest income	49	30
Expected return excl. recognized interest income	-827	210
Administration expenses	-3	-2
Receipts from employer	17	-12
Pension payments	-116	-92
Exchange differences	65	202
Fair value of plan assets, December 31	1,753	2,568
Effect of asset ceiling	-289	-522
Pension obligation, net	7	24

Of the total obligations, non-funded obligations accounted for SEK 10 m. (10), with the remainder comprising fully or partly funded obligations. The weighted average duration is 11 years.

The distribution of plan assets is presented below. The plan assets do not include any financial instruments issued by Holmen companies or any assets used by Holmen.

Plan assets, SEK m.	2022	2021
Shares	71	1,052
Bonds and bank account balances	405	1,516
Life assurance company receivables	1,277	
	1,753	2,568

NOTE 29 – cont.

During the year, pension costs of SEK 6 m. (9) pertaining to defined-benefit plans were recognized as personnel expenses. Interest expense on the pension liability amounted to SEK 39 m. (28) during the year and the anticipated interest income on the plan assets was SEK 49 m. (30). The net of these items has been recognized in net financial items as interest expense.

Cost recognized in other comprehensive income, SEK m.	2022	2021
Return on plan assets excl. recognized interest income	-827	210
Actuarial gains and losses from changes in demographic assumptions	29	4
Actuarial gains and losses from changes in financial assumptions	593	142
Actuarial gains and losses from experience-based adjustments	-48	5
Special employer's contribution	1	6
Effect of asset ceiling	247	-380
	-6	-12

United Kingdom Significant actuarial assumptions (weighted average)	2022	2021
Discount interest rate, %	4.9	2.0
Future inflation, %	2.8	2.9
Lifespan assumption after 65 years of age men/women, year	21/24	21/24
Lifespan table	SAPS S3PA	SAPS S3PA

Sweden Significant actuarial assumptions	2022	2021
Discount interest rate, %	3.7	1.2
Future pay increases, %	3.0	3.0
Future inflation, %	2.0	2.0
Lifespan assumption after 65 years of age men/women, year	22/24	22/24
Lifespan table	DUS21	DUS14

The table below shows how the obligation would be influenced in the event of a change in the significant actuarial assumptions (- decreases debt, + increases debt).

Sensitivity analysis, SEK m.	2022	2021
Discount rate (+0.5%)	-71	-133
Future pay increases (+0.5%)	1	2
Future inflation (+0.5%)	55	98
Mortality (+1 year in expected lifespan)	62	110

Holmen's payments to funded defined-benefit plans in 2023 are estimated at SEK 0 m.

Multi-employer plans

Expenditure for the year for pension insurance taken up in the Alecta ITP 2 plan amounted to SEK 32 m. (36) and is included in operating profit. Alecta's surplus can be distributed to policy holders and/or the insured. At the end of 2022, Alecta's collective consolidation rate was 172% (172).

Hufvudstaden

A provision of SEK 32 m. (32) has been posted for pension liabilities corresponding to endowment insurance for the CEO, the Deputy CEO and former CEO.

NOTE 30 – PROVISIONS

A provision differs from other liabilities in that uncertainty prevails concerning the date of payment or the amount that will be required to settle the provision. A provision is recognized when an existing legal or informal commitment arises from an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount concerned can be reliably estimated.

The provision is posted in an amount that represents the best estimate of what will be required to settle the existing obligation on the balance-sheet date. A provision for restructuring is recognized when a detailed and formal restructuring plan has been established, and restructuring has either been started or announced publicly.

Provisions are posted for environmental measures associated with prior operations when pollution arises or is discovered and when it is probable that payment liability will arise and the amount can be reliably estimated.

SEK m.	2022	2021
On January 1	425	670
Business combination	6	
Provisions during the year	66	6
Utilized during the year	-31	-169
Unutilized that was reversed during the year	-9	-50
Reclassification		-32
Translation differences	0	0
	456	425

Provisions primarily pertain to uncertainty associated with obligations for restoration of the environment. SEK 140 m. of these provisions are expected to be settled within three years, while the remainder are expected to be settled over a longer time frame.

All provisions are non-current.

NOTE 31 – OPERATING LIABILITIES

SEK m.	2022	2021
Accounts payable ¹	4,184	3,190
Other current liabilities		
Accrued expenses and deferred income		
Rental revenue	550	494
Other	1,088	1,152
Other current liabilities		
Liabilities to associated companies	3	2
Derivatives ²	1,180	122
VAT settlement	32	21
Other	447	408
	3,300	2,199
	7,485	5,389

¹) No part of accounts payable is due to liabilities to associated companies.

²) The market value of derivatives pertains to hedges of future cash flows.

NOTE 32 – RELATED PARTIES

SEK m.	Associated companies and joint ventures		Key personnel in executive positions	
	2022	2021	2022	2021
Sales to related parties	541	266	12	12
Purchases from related parties	64	54		
Interest paid to related parties	1	10		
Receivables from related parties, Dec 31	81	314		
Debt to related parties, Dec 31	3	4	67	76

Services with related parties have been priced on commercial terms. Participations in associated companies that produce hydro and wind power entitle Holmen to purchase produced electricity at cost price in relation to its shareholding, which means that only limited profits arise in associated companies. In February, 2022 Holmen acquired the remaining 50% of the shares in the wind power company Varsvik AB, which thereafter is reported as a subsidiary to Holmen.

In 2019, Lundbergs issued a total of 192,012 warrants to senior executives of Husqvarna in return for market-based payment. Premiums paid amounted to SEK 13.02 per warrant. Each warrant provides entitlement to acquire one series B share in Husqvarna after five years for a calculated forward price. The recognized liability (measured at fair value) on December 31, 2022 was SEK 2.5 m.

In 2021, Lundbergs issued a total of 75,000 warrants to senior executives of Industrivärden in return for market-based payment. Premiums paid amounted to SEK 26.70 per warrant. Each warrant provides entitlement during the period February 18, 2025 to February 18, 2026 to the acquisition of one series C share in Industrivärden for SEK 333.00. The recognized liability (measured at fair value) on December 31, 2022 was SEK 2.0 m.

In 2021, Lundbergs issued a total of 300,000 warrants to senior executives of Indutrade in return for market-based payment. The purchase price per warrant were SEK 22.60. Each warrant provides entitlement during the period May 26, 2025 to May 26, 2026 to the acquisition of one share in Indutrade for SEK 281.00. The recognized liability (measured at fair value) on December 31, 2022 was SEK 6.8 m.

Key personnel in executive positions

Fredrik Lundberg, who is the President and CEO, and a member of the Board of the Parent Company, received salary during the year of SEK 1.5 m. (1.5) and, in his capacity as Chair of the Board of the subsidiaries Holmen and Hufvudstaden, received director fees totaling SEK 1.3 m. (1.2). No variable or other types of remuneration were received.

At December 31, 2022, via his wholly owned company Förvaltnings AB Lunden (including subsidiaries), Fredrik Lundberg and his wife directly or indirectly held 70.60% (70.60) of the voting rights and 40.76% (40.76) of the share capital in L E Lundbergföretagen AB (publ). Lundbergs manages Förvaltnings AB Lunden's properties under a management agreement.

Louise Lindh (incl. family) and Katarina Martinson (incl. family) each hold 11.39% (11.39) of the voting rights and 14.79% (14.79) of the share capital in L E Lundbergföretagen AB (publ).

The total remuneration paid to a particular Board Member is stated in Note 5.

NOTE 33 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK m.	2022	2021
Pledged assets		
Real estate mortgages	3,501	2,252
Other commitments	25	25
	3,526	2,277
Contingent liabilities		
Other contingent liabilities	91	95

A contingent liability is recognized when there is a possible commitment deriving from events that have occurred whose existence can only be confirmed if one or more uncertain future events that are not fully within the control of the company occur or when there is a commitment that has not been recognized as a liability or entered as a provision because it is not certain that an outflow of resources will be required.

Other contingent liabilities predominantly relate to ongoing legal proceedings and guarantee obligations in relation to third parties. Holmen has environmentally related contingent liabilities that cannot be quantified at present but that could give rise to costs in the future. Under Swedish law, Holmen has strictly unlimited liability for third-party damages resulting from dam failure. Holmen has liability insurance to cover such damages.

NOTE 34 – IMPORTANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

The compilation of financial statements requires that company management make accounting estimates that affect the carrying amounts.

The assumptions and accounting estimates that company management believes are of importance to the carrying amounts in the annual report, and where there is a material risk that future events and new information could change these assumptions and accounting estimates, mainly include:

Forest assets Holmen's forest assets amounted to SEK 52,151 m. (47,080), of which biological assets accounted for SEK 29,867 m. (29,204) and forest land for SEK 22,284 m. (17,876). A deferred tax liability of SEK 10,707 m. (9,664) connected to the forest assets is recognized. The valuation of the forest assets is based on detailed data about transactions and pricing statistics published by different market operators. In the valuation, account is taken of where in the country the forest land is located and differences in the forest in terms of the volume of standing timber and site quality.

The carrying amount of the forest assets will be affected by changes in transaction prices for forest properties and how standing timber is developing. The value of the forest assets is allocated in the balance sheet to growing trees, which are recognized as biological assets, and forest land. How much of the value that is allocated to biological assets is established by calculating the present value of expected future cash flows from the growing trees on the basis of estimates of future harvesting volume, price and cost trends and discount rates. For further information, refer to accounting policies, Note 13 and Note 16.

Investment properties In the financial statements, the properties are estimated at fair value. In this valuation, assessments are made of future rent levels, vacancy rates and property costs. In the calculation model, an assessment is also made of the required yield for each individual property. However, the value of a property cannot be established definitively until the proceeds from a sale have been received. The valuation process is described in greater detail in Note 17.

Impairment testing Non-current assets and goodwill are tested for impairment annually. The calculations are based on current market conditions. Changes in conditions may have an effect on the estimated recoverable amount applied in connection with future impairment tests.

Pension obligations The value of pension commitments is estimated on the basis of assumptions regarding discount interest rates, inflation, future pay increases and demographic factors. These assumptions are normally updated each year, which impacts comprehensive income and the recognized pension provision. Refer also to Note 29.

Provisions Obligations that could result in costs being incurred are assessed continuously to determine the need for provisions. Uncertainty in assessments pertain primarily to the timing and size of the future cost. In the Group, there are provisions primarily for obligations to restore the environment.

Taxes The Swedish Tax Agency has refused Holmen deductions on tax losses in Spanish subsidiaries that were liquidated. Holmen intends to appeal the decision. The deductions corresponds to SEK 386 m. in tax, but no tax receivable has been recognized.

NOTE 35 – FINANCIAL RISKS

The Lundberg Group's risk management is established by the respective Board of Directors of Lundbergs, Holmen and Hufvudstaden. Risk management is pursued in accordance with the finance policy established by the board of the particular company with the aim of minimizing the risk level. In all three companies, risk management is centralized in a special department. The primary risks that are managed are the interest rate risk and the refinancing risk associated with financing. Within Holmen, exchange-rate and commodity risks associated with business operations (transaction exposure), financing and net investments in foreign operations are also managed. In the Group, borrowing in foreign currency only occurs in Holmen. The maturity structure of financial liabilities and undiscounted amounts are presented below.

Financial liabilities¹, Dec 31, 2022

Maturity	SEK m.	Proportion, %
2023	5,894	28
2024	4,022	19
2025	3,943	19
2026	3,931	19
2027-	3,208	15
	20,988	100

¹ Excluding pension obligations of SEK 14.5 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2023	2024	2025	2026	2027-
Financial liabilities					
Derivatives	7	-35	9		
Derivatives attributable to working capital	821	276	49	34	
Accounts payable	4,184				
Liabilities, right-of-use assets	94	62	45	33	746
Other financial liabilities	5,490	4,257	4,472	3,622	3,049
Financial assets					
Derivatives	35	26	21	13	
Derivatives attributable to working capital	3,634	950	337	14	
Accounts receivable	2,980				
Other financial assets	2,797	2	2	2	37

LUNDBERGS

Lundbergs' strategy is to create long-term value growth while maintaining financial balance. The financial risk is limited by maintaining a low debt/equity ratio combined with good access to funds. Since, to a considerable extent, Lundbergs is an equity-managing company, a strong financial position is an essential requirement. The Group's strong financial position is confirmed by the Standard & Poor's credit-rating agency, which has assigned Lundbergs a long-term rating of A+/stable outlook and short-term ratings of A-1 and K-1. These high ratings facilitate less expensive borrowing and more effective access to money and bond markets.

Financing risk

The financing risk is the risk that it will not be possible to secure necessary financing for operations at a given point in time.

On December 31, 2022, Lundbergs' interest-bearing net debt totaled SEK 6,771 m. (7,137), of which interest-bearing liabilities and interest-bearing pension provisions accounted for SEK 7,173 m. (7,658) and interest-bearing assets for SEK 403 m. (522). The average capital maturity was 26 months (34). The maturity structure for financial liabilities is presented in the table below. In addition to raised loans of SEK 7.0 bn., Lundbergs had committed long-term lines of credit totaling SEK 3.5 bn. and SEK 100 m. in committed lines of credit with a maturity of less than 12 months. Lundbergs has derivative instruments recognized in the category of financial assets and liabilities measured at fair value via profit or loss. Hedge accounting is not applied. Lundbergs has a commercial paper program with a committed issue limit in a nominal amount of at most SEK 3.0 bn., of which SEK 100 m. had been utilized on December 31, 2022.

Lundbergs also has a Swedish Medium Term Note program with an upper limit of SEK 10.0 bn., which provides the option of issuing bonds in SEK or EUR primarily to Swedish investors. At December 31, 2022, SEK 5.9 bn. had been utilized.

Financial liabilities¹, Dec 31, 2022

Maturity	SEK m.	Proportion, %	Average effective interest rate, %
2023	2,197	31	1.2
2024	1,967	28	2.0
2025	1,500	21	1.0
2026	900	13	0.8
2027-	500	7	0.8
	7,067	100	1.3

¹ Excluding pension obligations of SEK 106 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2023	2024	2025	2026	2027-
Financial liabilities					
Derivatives		-35	9		
Accounts payable	93				
Liabilities, right-of-use assets	6	4	1	1	1
Other financial liabilities	2,234	2,066	1,926	508	504
Financial assets					
Accounts receivable	19				
Other financial assets	403				

Interest rate risk

The interest rate risk pertains to the impact of a change in market interest rates on the Group's financing costs. Lundbergs' indebtedness is low, which means its interest rate risk is limited. The average interest rate maturity was 23 months (32) at December 31, 2022. Based on interest rate maturities and net debt at year-end, a one percentage-point change in market interest rates would impact net financial items in 2023 by approximately SEK 6 m. Longer term, changes in interest rates would impact the entire net debt.

Credit risk

Lundbergs has limited exposure to credit risks. The exposure that does exist mainly derives from past-due accounts receivable and rent. The risks are limited through conscious selection of customers with good payment ability and advance invoicing of rent. Exposure to individual customers/tenants is limited and the ten largest customers/tenants account for a combined total of 14% of sales invoiced by property management. The credit risk is also limited by the fact that financial assets consist solely of instruments with a high credit rating. Accounts receivable/rent receivables at year-end totaled SEK 25 m. (31), of which SEK 16 m. (21) with a maturity exceeding 60 days. Lundbergs' derivatives include binding framework agreements about offsetting, which means that the Group is entitled to offset receivables and liabilities when a credit event occurs with the same counterparty. Offsetting of assets and liabilities is not applied in the financial statements.

Aktierisk

Share risk pertains to the share-price risk and liquidity risk. The share-price risk is the risk of a decline in value due to changes in share prices in the stock market. Lundbergs' strategy is to have major shareholdings in a limited number of companies. The share-price risk is limited by Lundbergs operating as an active and long-term owner, which enables it to influence the companies' strategies and decisions. A change in the share price by one percentage point would affect the value of the stock portfolio by SEK 170 m. Liquidity risk could arise, for example, if a share is difficult to divest. Since Lundbergs' portfolio comprises listed shares showing favorable liquidity, the liquidity risk is limited. The stock portfolio, which is presented in Note 20, totals SEK 16,979 m.

HOLMEN

The financial position must be strong to provide the latitude to make long-term business decisions. Financial net debt must not exceed 25% of shareholders' equity.

Currency risk

Holmen's earnings are affected by fluctuations in exchange rates. The risk associated with transaction exposure pertains to considerable amounts of sales in currencies other than the cost currency. The risk associated with translation exposure derives from translation of the non-Swedish subsidiaries' assets, liabilities and earnings to SEK.

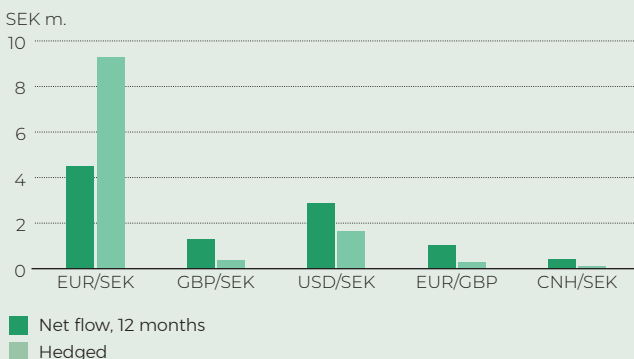
To reduce the impact on earnings of changes in exchange rates, net flows are hedged using currency forward contracts. The net flow in EUR, USD and

NOTE 35 – cont.

GBP is always hedged for the four months immediately ahead. This normally corresponds to accounts receivable and outstanding orders. The board of directors can take decisions to secure flows for a protracted period if this is regarded as suitable in view of the products' profitability, competitiveness and currency situation.

The currency exposure that arises when investments are paid for in foreign currency is separated from other transaction exposure. Normally, 90-100% of the currency exposure of major investments is hedged. For the two years ahead, anticipated EUR/SEK flows are hedged at an average exchange rate of 10.55. For other currencies, four to five months of flows are hedged.

At year-end, hedging of GBP amounted to GBP 126 m. Net assets in other currencies are extremely limited and are normally not hedged.



Hedging of exposure arising when assets and liabilities from foreign subsidiaries are translated to SEK (known as equity hedging) is judged from case to case and is arranged on the basis of Holmen's value of its net assets. Long-term assets are primarily Swedish, with the exception of the paperboard mill in the UK, which accounts for 2% of the assets. Hedging takes the form of loans in foreign currency or currency forward contracts. Exposure arising when earnings from foreign subsidiaries are translated into SEK is normally not hedged.

The result of currency hedges is recognized in profit or loss in pace with recognition of the hedged item and amounted to SEK -341 m. in 2022 (120), with the remainder recognized in other comprehensive income, since hedge accounting is applied. The market value of outstanding currency hedges at December 31, 2022 was SEK -499 m. (103).

The translation of net foreign assets had an impact of SEK 72 m. (180) on consolidated equity. The fair value of outstanding hedges of net assets at December 31, 2022 had positive effect of SEK 14 m. (neg: 12) and related to financial derivatives.

The table below shows how a 5% change in the exchange rate for the SEK would impact Holmen's profit before tax and shareholders' equity next year, taking hedges into account. The assumed change has been calculated on the basis of historical volatility of five years average for each instrument, which is also adjudged to be a reasonable change moving forward. The historical volatility of exchange rates is calculated on the basis of the average annual volatility of KIX, the Riksbank's exchange rate index. Without taking hedges into account, a 5% change in the SEK would impact profit before tax by SEK 500 m. per year.

SEK m.	Net
SEK against EUR	18
SEK against USD	68
SEK against GBP	46
SEK against other currencies	48

Financing risk

Holmen's strategy is to have a strong financial position to provide it with the latitude to make long-term business decisions. The objective is that financial net debt will not exceed 25% of shareholders' equity. Holmen's financing mainly comprises bond loans and commercial paper. The risk that capital procurement will be difficult or costly in the future is reduced by using long-term committed lines of credit. The planning of financing is managed through forecasts of requirements for forthcoming years based on the Group's budget and earnings forecasts that are updated regularly.

The company's financial position is strong, with financial net debt at December 31, 2022 amounting to SEK 2,145 m., corresponding to 4% of shareholders' equity. SEK 1,127 m. of financial liabilities matures during 2023. Holmen has contracted credit lines of SEK 5,000 m., of which SEK 4,000 m. matures in 2027 and SEK 1,000 m. in 2025. At year-end, this line of credits was unutilized and are available for use, presuming that the group's net debt does not exceed 125% of shareholders' equity.

Financial liabilities¹, Dec 31, 2022

Maturity	SEK m.	Proportion, %
2023	1,121	27
2024	1,049	25
2025	940	23
2026	530	13
2027-	513	12
	4,153	100

¹ Excluding pension obligations of SEK 7 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2023	2024	2025	2026	2027-
Financial liabilities					
Derivatives	7				
Derivatives attributable to working capital	821	276	49	34	
Accounts payable	3,848				
Liabilities, right-of-use assets	79	52	42	31	51
Other financial liabilities	1,103	1,065	943	531	510
Financial assets					
Derivatives	35	26	21	13	
Derivatives attributable to working capital	3,631	950	337	14	
Accounts receivable	2,929				
Other financial assets	1,941	2	2	2	12

Interest rate risk

The fixed rate period for Holmen's financial assets and liabilities varies over time and is decided by the Board of Directors. Derivative instruments in the form of interest-rate swaps are used to steer the interest-rate maturity without changing the underlying loans. The average interest rate on loans in 2022 was 1.5%. The table below shows Holmen's fixed interest maturities by currency.

Interest rate maturity structure, Dec 31, 2022

	-1 year	1-3 years	3-5 years	>5 years	Pension provisions	Right-of-use agreements	Total
SEK	-1,873	1,400	500		-2	153	179
EUR	246				9	75	330
GBP	1,737					8	1,746
Other currencies	-119					10	-109

An increase of a percentage point in the average market interest rate from the year-end level would have a negative impact of some SEK 8 m. on earnings in 2023. On December 31, 2022, the market value of the derivatives used to steer interest rate maturities was SEK 78 m. (13), which was recognized in other comprehensive income since hedge accounting is applied. This amount is expected to be recognized in profit and loss in 2023 and later.

Price risk

The costs for input goods in 2022 were higher than in 2021. Net consumption of electricity has been price hedged at a rate of 90% for 2022 and 90% for 2023 and 25-60% for 2024-2025. Based on prevailing hedges, an increase in the price of electricity by 60% would impact shareholders' equity by SEK 2,625 m.

Half of the Group's wood needs are covered by harvesting from Group's own forests, while the remainder is purchased from private forest owners. The Group is largely in balance in terms of pulp as a result of the integrated production process. Paperboard operations generate almost all of the electricity needed by Holmen's own mills, while external purchases account for paper production needs. Physical fixed-price agreements and financial hedges are used to manage the price risk associated with this consumption. At the same time, Holmen sells hydro and wind power electricity to the electricity grid. The need for thermal energy is considerable, but it is produced locally at every mill through recovery and generation from residual products. Chemicals are a material input product, primarily in paperboard production, but the need for them is being reduced and used chemicals are recycled in the mills.

The result of financial electricity hedges is recognized in profit and loss

NOTE 35 – cont.

as they mature and, in 2022, amounted to SEK 3,043 m. (215). The market value of outstanding financial electricity hedges at December 31, 2022 was SEK 4,366 m. (838). The change in market value is recognized in other comprehensive income since hedge accounting is applied.

Credit risk

Financial transactions give rise to credit risks in relation to financial counterparties. For each financial counterparty, a maximum credit risk is established and the settlement risk is monitored continuously. At December 31, 2022, Holmen had outstanding derivative contracts with a nominal value of SEK 17 bn. and a net market value of SEK 4 bn. The calculation is based on maturities and historical volatility for various types of derivatives.

The risk that Holmen's customers will not meet their payment obligations is limited by conducting checks of credit ratings, applying internal credit limits per customer and, in certain cases, by insuring accounts receivable against bad customer debts. Credit limits are monitored continuously. Exposure to individual customers is limited.

At December 31, 2022, Holmen's accounts receivable amounted to SEK 2,929 m., of which 43% (34) was insured against credit losses. During the year, no credit losses on trade receivables had an impact on profit. Sales to the five largest customers accounted for 14% of Holmen's total sales in 2022.

HUFVUDSTADEN

Hufvudstaden is mainly exposed to financing and interest rate risks. Hufvudstaden endeavors to have a loan portfolio with a diverse credit renewal structure that facilitates possible amortization. Borrowing normally takes place with both short and long-term interest rate maturities. Since no borrowing is raised in foreign currency, the company is not exposed to exchange-rate risks. Hufvudstaden's finance function is a corporate function with central responsibility for financing and liquidity planning. This work is controlled on the basis of the financial policy adopted by the board of directors with the aim of meeting financing needs through cost-effective financing that involves limited risk. The finance function includes instructions, systems and a division of responsibilities for achieving efficient internal control and follow-up of the operations. Major financing solutions and derivatives transactions must be approved by the chair of the board, and the board of directors is informed about financial matters at every board meeting. Hufvudstaden aims to use surplus liquidity to repay existing loans. The surplus liquidity that is not used for such repayments may only be invested in highly liquid, low-risk instruments.

Financing risk

The financing risk occurs when difficulties arise in obtaining financing for operations at a given point in time. The aim is to have financing from at least three of the major banks and a loan portfolio with diverse maturities and a long maturity structure. To minimize the cost of Hufvudstaden's borrowing and to ensure that financing can be obtained, the company requires committed lines of credit that cover the renegotiation of loans and investments. There is also a commercial paper program and an MTN program. The board of directors continuously sets the level for capital tied-up in the loan portfolio. Management establishes rolling forecasts for the group's liquidity on the basis of expected cash flows.

Hufvudstaden's borrowing amounted to SEK 9,000 m. at year-end. The average interest rate maturity was 1.7 years (2.2), the average capital maturity period 2.6 years (2.6) and the average effective interest rate 1.9% (1.3). Net debt was SEK 9,259 m. compared with SEK 8,734 m. at the end of 2021. At December 31, 2022, Hufvudstaden had long-term committed lines of credit of SEK 5.0 bn., of which SEK 5.0 bn. was unutilized. In addition, there were commercial paper programs of SEK 3 bn., of which 2.5 bn. was unutilized, and MTN programs of 12 bn. of which 5.0 bn. was unutilized. The company has satisfactory margins to the creditors' covenants in the loan agreements.

Financial liabilities¹, Dec 31, 2022

Maturity	SEK m.	Proportion, %
2023	2,576	26
2024	1,006	10
2025	1,502	15
2026	2,501	26
2027-	2,194	22
	9,778	100

¹) Excluding pension obligations of SEK 32 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2023	2024	2025	2026	2027-
Financial liabilities					
Accounts payable	244				
Liabilities, right-of-use assets	9	6	2	1	694
Other financial liabilities	2,153	1,127	1,603	2,583	2,035
Financial assets					
Derivatives attributable to working capital	3				
Accounts receivable	32				
Other financial assets	453				25

Interest rate risk

The interest rate risk pertains to the impact on earnings that a lasting change in interest rates would have on Hufvudstaden's net financial items. Hufvudstaden's financing sources consist mainly of shareholders' equity, cash flow from operating activities, borrowing and lines of credit.

This borrowing, which is interest-bearing, results in exposure to interest rate risk. Hufvudstaden's finance policy establishes frameworks for how the interest rate risk is to be managed. A fundamental objective is that the expiration structure of tenant leases must be taken into account when determining interest rate maturities, and that there must be a well-considered balance between current borrowing costs and the risk of a significant negative impact on earnings arising from a sudden major change in interest rates. This means that the interest rate maturity of Hufvudstaden's net debt should normally be 1-4 years. Borrowing normally takes place both with short fixed interest periods, normally 3-6 months, and long fixed interest periods, normally 5-7 years. Hufvudstaden's interest rate maturity period at December 31, 2022 was 1.7 years. Of the longterm borrowing, SEK 5,000 m. have fixed interest rate. A change in the market interest rate by +1 percentage point, assuming an unchanged loan volume and interest rate maturities, would increase Hufvudstaden's interest expense in 2023 by SEK 26 m. (17) and a change in the market interest rate of minus 1 percentage point would reduce interest expense by SEK 26 m. (10).

Interest rate maturity structure, Dec 31, 2022

Maturity	Liabilities ¹ , SEK m.	Proportion, %	Average effective interest rate, %
2023	2,500	28	1.3
2024	1,000	11	1.4
2025	1,500	17	2.0
2026	2,500	28	1.2
2027	1,500	17	2.6
	9,000	100	1.7

¹) Excluding liabilities for right-of-use assets of SEK 712 m. and pension obligations of SEK 32 m.

Credit risk

The credit risk is the risk of loss should Hufvudstaden's counterparties not fulfill their contractual obligations and any collateral does not cover outstanding receivables. The aim is to minimize the credit risk by demanding rent in advance and only entering into credit transactions with major financial institutions. The credit risk mainly derives from past-due accounts receivable, rent receivables and cash and cash equivalents, which at year-end totaled SEK 32 m. respectively SEK 453 m. which means limited exposure to credit losses.

Losses on past-due accounts receivable and rent receivables arise when customers are declared bankrupt or cannot fulfill their payment commitments for other reasons. The risks are limited through Hufvudstaden's conscious selection of customers who have well-documented business acumen and competitive operations. To limit the risk, Hufvudstaden's customers' financial position is subject to credit checks by obtaining information from various credit information firms. In accordance with Hufvudstaden's credit policy, a bank guarantee or a surety is normally required in connection with new leases. Rent is invoiced in advance.

OTHER FINANCIAL RISK MANAGEMENT**Insurance**

All of Lundbergs' and Hufvudstaden's properties are covered by full-value insurance. Holmen insures its plants at replacement value against property damage and business interruption losses. Holmen's forest holdings are not insured. The woodland areas are spread over large parts of the country, and at the same time the risk of significant damage is considered low. Holmen has liability insurance that also covers sudden, unexpected damage to the environment that affects a third party.

NOTE 36 – EVENTS AFTER THE BALANCE-SHEET DATE

No events of material significance have occurred after the balance sheet date.

NOTE 37 – GROUP COMPANIES

Holdings in subsidiaries ¹	Registered office	Country	Number of shares Dec 31, 2022	Percentage of share capital ²	
				2022	2021
Fastighets AB L E Lundberg	Norrköping	Sweden	250,000	100	100
Byggnads AB L E Lundberg	Norrköping	Sweden	1,000	100	100
Fastighets AB Strömstaden	Norrköping	Sweden	6,750	100	100
L E Lundberg Nordic AB	Stockholm	Sweden	1,251	100	100
L E Lundberg Kapitalförvaltning AB	Stockholm	Sweden	150,000	100	100
Hufvudstaden AB (publ)	Stockholm	Sweden	95,489,015	47.2	46.8
AB Citypalatset	Stockholm	Sweden	1,200	100	100
AB Nordiska Kompaniet	Stockholm	Sweden	19,460,666	100	100
Aktiebolaget Hamngatsgaraget	Stockholm	Sweden	3,000	100	100
Cecil Coworking AB	Stockholm	Sweden	1,000	100	100
Fastighetsaktiebolaget Medusa	Stockholm	Sweden	300	100	100
Fastighetsaktiebolaget Stockholm City	Stockholm	Sweden	7,776	100	100
GBG Inom Vallgraven 3-2 AB	Stockholm	Sweden	1,000	100	100
Hotel Stockholm AB	Stockholm	Sweden	10,000	100	100
NK Cityfastigheter AB	Stockholm	Sweden	1,680	100	100
NK Concession Aktiebolag	Stockholm	Sweden	1,000	100	100
NK Retail AB	Stockholm	Sweden	10,000,000	100	100
Parkaden Aktiebolag	Stockholm	Sweden	5,000	100	100
Holmen AB (publ)	Stockholm	Sweden	55,244,000	34.1	34.1
Blåbergsliden Vind AB	Stockholm	Sweden	500	100	100
Holmen Energi AB	Örnsköldsvik	Sweden	1,000	100	100
Holmen Paper AB	Norrköping	Sweden	100	100	100
Holmen Skog AB	Örnsköldsvik	Sweden	1,000	100	100
Holmen Skog Mitt AB	Stockholm	Sweden	1,000	100	100
Holmen Skog Syd AB	Stockholm	Sweden	1,000	100	100
Holmen Sägverk AB	Stockholm	Sweden	1,000	100	100
Holmen Vattenkraft AB	Stockholm	Sweden	1,000	100	100
Holmens Bruk AB	Stockholm	Sweden	1,000	100	100
Holmen Iggesund Paperboard AB	Hudiksvall	Sweden	1,000	100	100
Iggesunds Bruk AB	Stockholm	Sweden	1,000	100	100
Ljusnan Vattenkraft AB	Stockholm	Sweden	1,000	100	100
Martinsons Såg AB	Skellefteå	Sweden	50,000	100	100
Holmen Wood Products AB	Hudiksvall	Sweden	1,000	100	100
Varsvik AB	Stockholm	Sweden	500	100	50
AS Holmen Mets	Tallin	Estonia	500	100	100
Holmen B.V.	Amsterdam	Holland	35	100	100
Holmen France S.A.S.	Paris	France	10,000	100	100
Holmen GmbH	Hamburg	Germany		100	100
Holmen UK Ltd	Workington	United Kingdom	1,197,100	100	100
Holmen Paper Ltd	London	United Kingdom		100	100
Holmen Iggesund Paperboard (Workington) Ltd	Workington	United Kingdom		100	100
Iggesund Paperboard Asia (HK) Ltd	Hongkong	China	4,000,000	100	100
Iggesund Paperboard Asia Pte Ltd	Singapore	Singapore	800,000	100	100
Iggesund Paperboard Inc	Lyndhurst	USA	1,000	100	100

¹ The principal shareholdings are stated.

² The percentage of share capital and voting rights is calculated after a deduction for treasury shares. The share of the voting rights matches the capital share in all cases, except for Hufvudstaden AB and Holmen AB. For Hufvudstaden, the percentage of voting rights at December 31, 2022 was 88.6% (88.4) and for Holmen 62.3% (62.3).

NOTE 38 – BUSINESS COMBINATION

2022

In February 2022, Holmen acquired the remaining 50% of the shares in jointly owned company Varsvik AB. The 17 wind turbines in Varsvik provide output of 51 MW and in a normal year generate 150 GWh. The final purchase price restated to 100% of the shares was SEK 190 m.

The table below shows the assets and liabilities of the acquired company. No goodwill has been recognized in connection with the acquisition. The previously owned capital share has been revalued by SEK 10 m. to fair value and recognized as other operating income in the income statement.

Acquired net assets, SEK m.

Fixed assets	373
Net deferred tax	50
Working capital	-61
Net financial debt	-172
Identifiable assets, net	190

2021

On October 1, 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and engineered wood products. In 2021, the final purchase price, for 100% of the shares, was determined to be SEK 858 m. The acquired assets and assumed liabilities are presented in the table below. Goodwill of SEK 358 m. is recognised in conjunction with the acquisition.

Acquired net assets, SEK m.

Non-current intangible assets	140
Other non-current assets	531
Net deferred tax	-55
Working capital	6
Net financial debt	-122
Identifiable assets, net	499
Goodwill	358
Total purchase price	858

Goodwill relates to the value of integrating Holmen's own forest with its own industry and other intangible assets relate to the value of the wood supply business included in the acquisition. Recognised goodwill is not tax deductible. The fair value of intangible assets other than goodwill are amortised over seven years.

NOTE 39 – SUPPLEMENTS TO THE SUSTAINABILITY REPORT

This section constitutes part of Lundbergs' sustainability report. Other material is presented on pages 22-29. Unless otherwise stated, the data presented below pertains to the wholly owned operations, as well as the subsidiaries Holmen and Hufvudstaden (Group).

For more detailed information concerning the subsidiaries' and the portfolio companies' sustainability reporting, refer to the annual and sustainability reports of the respective companies.

Stakeholder dialogs

To ensure that the Group companies focus on the issues that are most relevant for their key stakeholders, the Group companies have carried out stakeholder dialogs. These are presented in the sustainability reports of the respective companies. Lundbergs' stakeholder analysis is summarized below.

Stakeholders	Methods for engagement	Important issues
Shareholders	<ul style="list-style-type: none"> Annual Report and quarterly reports Website and press releases Sustainability ratings and surveys General shareholder meetings 	<ul style="list-style-type: none"> Business ethics and governance Economic performance Sustainable business models Climate and resource efficiency Diversity and inclusion
Employees, existing and potential	<ul style="list-style-type: none"> Continuous information disclosure to employees Career development discussions Employee surveys Trainee programs Conferences Staff meetings 	<ul style="list-style-type: none"> Business ethics and governance Diversity and inclusion Employee development Commitment in the organization Work-life balance Climate
Creditors, investors and financial market	<ul style="list-style-type: none"> Annual Report and quarterly reports Website and press releases Sustainability ratings and surveys 	<ul style="list-style-type: none"> Business ethics and governance Economic performance Sustainable business models Climate and resource efficiency Diversity and inclusion
Board members and management teams in portfolio companies	<ul style="list-style-type: none"> Continuous communication and meetings Board meetings Management group meetings 	<ul style="list-style-type: none"> Business ethics and governance Economic performance Sustainable business models Climate and resource efficiency Diversity and inclusion

Stakeholders	Methods for engagement	Important issues
Society	<ul style="list-style-type: none"> Annual reports Website and press releases Media Various collaboration groups 	<ul style="list-style-type: none"> Societal impact in general Sustainable business models Business ethics and governance Environment and climate Diversity and inclusion

BUSINESS ETHICS AND GOVERNANCE

Group, %	2022	2021
Companies that have signed the UN Global Compact	100	67
Companies that have a whistleblower function	100	100
Companies that have an anticorruption policy	100	100
Companies that have a Code of Conduct	100	100
Companies that have a work environment policy	100	100
Companies that have a Code of Conduct for suppliers	100	100
Other portfolio companies, %	2022	2021
Companies that have signed the UN Global Compact	100	89
Companies that have a whistleblower function	100	100
Companies that have an anticorruption policy	100	100
Companies that have a Code of Conduct	100	100
Companies that have a health and work environment policy	100	100
Companies that have a Code of Conduct for suppliers	100	89

EQUALITY, GROUP

Gender breakdown, women, %	2022	2021
Employees	29	29
Managers	28	27
Management groups	27	21
Board of Directors	28	30

NOTE 39 – cont.**GREENHOUSE GAS EMISSIONS, TONS CO₂e**

Group	2022	2021
Scope 1	58,097	96,660
Scope 2	35,516	66,633
Scope 3	647,484	576,359
Total emissions	741,097	739,651
Lundbergs	2022	2021
Scope 1	51	41
Scope 2	5,769	6,363
Scope 3	16,283	22,567
Total emissions	22,104	28,971
Holmen	2022	2021
Scope 1	57,968	96,600
Scope 2	28,927	59,500
Scope 3	627,538	550,700
Total emissions	714,433	706,800
Hufvudstaden	2022	2021
Scope 1	78	19
Scope 2	820	770
Scope 3	3,663	3,092
Total emissions	4,561	3,880

The companies report according to GHGP and figures refer to the market-based allocation method. However, different reporting boundaries have been set in the various companies' reporting. For more detailed information, refer to the various companies' annual reports.

Emissions, all portfolio companies

We encourage our portfolio companies to set measurable climate targets in line with the Paris Agreement. All ten of the portfolio companies have set measurable climate targets and eight of these have set climate targets according to Science Based Targets.

Work environment

A total of 56 accidents and close calls were reported to the companies during the year. These have been addressed in the requisite manner in the respective companies.

Whistleblower matters and anticorruption

No whistleblower matters were reported during the year. Nor were any cases of corruption reported during the year and no cases of infringement of the companies' codes of conduct were detected.

NOTE 40 – TAXONOMY

The Taxonomy Regulation is a classification tool that currently covers certain economic activities with a significant climate impact, as well as climate change adaptation measures.

Under the Regulation, the proportion of net sales, investments and operating expenses that are taxonomy-eligible and taxonomy-aligned must be reported. The KPIs have been calculated in accordance with the definitions in 1.1.1, 1.1.2 and 1.1.3 of Annex I to the Commission Delegated Regulation on Disclosure Obligations in accordance with Article 8 of the Taxonomy Regulation.

An eligible economic activity is considered to be aligned with the Regulation – environmentally sustainable – if it fulfills the substantial contribution criteria for at least one of six environmental objectives, does no significant harm to any of the remaining five objectives and complies with the minimum social safeguards. For 2022, alignment has been assessed against only the first environmental objective – climate change mitigation.

The tables below show the consolidated taxonomy performance. Please see the annual report of each company for separate taxonomy reporting in greater detail.

Minimum safeguards

Screening has taken place of alignment with the requirements of the Taxonomy Regulation in relation to minimum safeguards and all activities meet the criteria for classification as taxonomy-aligned.

LUNDBERGS REAL ESTATE OPERATIONS AND HUFVUDSTADEN**Assessment of taxonomy alignment**

Lundbergs and Hufvudstaden have made the assessment that the taxonomy-eligible activities for net sales and operating expenses are Acquisition and ownership of buildings (activity 7.7). In terms of investment, much of this relates to activity 7.7, but investments are also made in properties that are not taxonomy-aligned. Where applicable, these are allocated to the taxonomy-eligible activity; activities 7.1-7.6 are therefore also eligible activities (see definition on page 91). Taxonomy alignment is screened at property level.

Acquisition and ownership of buildings

Substantial contribution to climate change mitigation – Properties with Energy Performance Certificate (EPC) class A fulfill the substantial contribution criterion. Properties built¹ fulfill the criterion if they have energy performance below the threshold value set by the industry association Fastighetsägarna Sverige for the assessment of which buildings are within the top 15% of the national building stock in terms of energy efficiency.

Do no significant harm (DNSH) – climate risk and vulnerability assessments have been made for all investment properties (in accordance with Appendix A of the Taxonomy Regulation). Based on the results, an assessment has been made of whether each individual property is exposed to significant risk of economic damage. The greatest potential climate risks are primarily floods as a result of heavy precipitation or rising water levels. Properties with little or no risk are considered to fulfill the DNSH requirement for a climate-adapted property. Properties with significant risk fulfill the DNSH requirement if there is an action plan (which is followed up annually) for the climate adaptation work for the risk-exposed property.

¹ Built refers to the date when the construction permit application was submitted, no later than December 31, 2020. At year-end 2022, there are no properties built after December 31, 2020, which are covered by other criteria for fulfillment of the substantial contribution criterion.

Net sales

The Group's net sales consists of SEK 28,434 m. (Note 3) and SEK 1,950 m. (Note 4 – see details under the Holmen section on the next page). Taxonomy-eligible net sales attributable to activity 7.7 includes rental and service revenue as well as Hufvudstaden's revenue from other operations. The alignment of taxonomy-eligible net sales is tested against economic activity 7.7, environmental objective 1, and this is considered to be aligned if the criteria described in the section above are met. Of the Group's total net sales of SEK 30,385 m., taxonomy-eligible net sales amounts to SEK 3,614 m. (12%), of which SEK 1,020 m. is aligned (3%).

Investments

Investments relate to value-adding measures and acquisitions of investment properties (Note 17) and to investments in inventories and intangible assets (Notes 14, 15 and 18). If a property is taxonomy-aligned, investments in the property are eligible and aligned and are reported under activity 7.7. Investments in a property that is not taxonomy-aligned are assessed at project level by being tested against technical screening criteria for substantial contribution and for DNSH for the eligible economic activity for the individual investment. These are reported under the respective activity (7.1-7.6). The precautionary principle is applied to the assessment of taxonomy alignment, which means that if there is no basis on which to assess compliance, the investment is deemed to be non-aligned. Of the Group's investments of SEK 3,715 m., eligible investments amount to SEK 1,720 m. (46%), of which SEK 377 m. is taxonomy-aligned (10%).

Operating expenses

Eligible operating expenses in investment properties relate to costs required to maintain the basic standard and functionality of the property, which include renovation, property upkeep, property management, and day-to-day and scheduled maintenance and repairs. If a property is taxonomy-aligned, then taxonomy-eligible operating expenses for the property are also aligned. Operating expenses are not tested at project level, which means that operating expenses for a property that is not taxonomy-aligned are classified as non-aligned. Of the Group's operating expenses of SEK 1,699 m., eligible operating expenses amount to SEK 296 m. (18%), of which SEK 96 m. is taxonomy-aligned (6%).

HOLMEN**Assessment of taxonomy alignment**

The activities that are assessed as being taxonomy-aligned (and taxonomy-eligible) are harvesting of own forest (activity 1.3) and electricity generation from wind power (activity 4.3), hydropower (activity 4.5) and bioenergy (activity 4.8).

In its work to assess the taxonomy alignment of the activities, Holmen has screened these criteria against internal processes and procedures, current legislation and requirements under the various certifications that Holmen holds. Examples of topics assessed in relation to the activities are the climate benefit of forest management and the individual design and properties of each power plant.

NOTE 40 – cont.

Net sales

Holmen's net sales consists of eligible parts of Note 3 and parts of Other revenues as described in Note 4. Other revenues that are included are the sale of by-products, renewable energy certificates, emission allowances and forestry assignments as well as parts of rental and leasehold income and other revenues, which together amount to SEK 1,950 m. Eligible revenue from harvesting own forest comprises mainly external sales of timber and pulpwood, while revenue from electricity generation consists mainly of external sales of electricity, support services to stabilize the electricity system and green electricity certificate revenues.

Of the Group's total net sales of SEK 30,385 m., eligible and aligned net sales amounts to SEK 2,829 m., which is equivalent to 9%.

Investments

Investments refer to Holmen's investments in forest assets (Note 16) and investments in tangible and intangible assets (Notes 14, 15 and 18). Eligible investments in harvesting own forest include the purchase of forest machinery, the construction of forest roads and the acquisition of forest properties, while investments in electricity generation include upgrades, new facilities and acquisitions.

Of the Group's investments of SEK 3,715 m., eligible and aligned investments amount to SEK 913 m., which is equivalent to 25%.

Operating expenses

Operating expenses (also assessed as taxonomy-eligible) for Holmen are repairs and maintenance, as well as research and development.

Eligible operating expenses relating to harvesting own forest include the development and maintenance of the forest in the form of thinning, road maintenance, clearing and fertilizing.

Eligible operating expenses in electricity generation comprise minor renovations and maintenance of equipment for electricity generation as well as various forms of development work, such as the project planning of new wind farms.

Of the Group's operating expenses of SEK 1,699 m., eligible and aligned operating expenses amount to SEK 280 m., which is equivalent to 17%.

Assessment of criteria fulfillment

Holmen has assessed the fulfillment of the criteria relating to substantial contribution and criteria relating to DNSH as specified in Annex I to the Commission Delegated Regulation on climate change mitigation. The Group's forest management plan together with the prepared climate benefit analysis, which indicates increased carbon sequestration and that legislation ensures continued land use for forestry, are considered together to fulfill the requirements for substantial contribution in relation to forest management. Forest management takes place in accordance with the Group's certifications, which together with the legislative requirements and prepared climate change adaptation plan ensure that the forest management will do no significant harm. In the assessment of the Group's generation of wind power, hydropower and bioenergy taking place in accordance with specified criteria, an analysis has been made of the individual design and properties of each power plant and climate change adaptation plans prepared for each activity.

The KPIs for net sales, investments and operating expenses are calculated as follows

$$\text{Proportion of taxonomy-eligible activities} = \frac{\text{(Eligible activities)}}{\text{(Total activities)}}$$

$$\text{Proportion of taxonomy-aligned activities} = \frac{\text{(Aligned activities)}}{\text{(Total activities)}}$$

Aligned activities = environmentally sustainable activities.

NET SALES 2022

Economic activities (1)	Codes (2)	Absolute net sales (5)	Proportion of net sales (4)	Substantial contribution criteria						Do No Significant Harm criteria (DNSH)						Minimum safeguards (17)	Taxonomy-aligned proportion of net sales, 2022 (18)	Taxonomy-aligned proportion of net sales, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
<i>Unit</i>		<i>SEK m.</i>	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/-	T/-
TAXONOMY-ELIGIBLE ACTIVITIES																				
Aligned activities																				
Acquisition and ownership of buildings	7.7	1,020	3	100	-	-	-	-	-	-	Y	-	-	-	-	Y	3	-	-	-
Harvesting of own forest	1.3	758	2	100	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	2	-	-	-
Electricity generation from wind power	4.3	208	1	100	-	-	-	-	-	-	Y	Y	Y	-	Y	Y	1	-	-	-
Electricity generation from hydropower	4.5	1,009	3	100	-	-	-	-	-	-	Y	Y	-	-	Y	Y	3	-	-	-
Electricity generation from bioenergy	4.8	853	3	100	-	-	-	-	-	-	Y	Y	-	Y	Y	Y	3	-	-	-
Total aligned activities		3,849	13	100													13			
Non-aligned activities																				
Acquisition and ownership of buildings	7.7	2,594	9																	
Total non-aligned activities		2,594	9																	
Total eligible activities		6,443	21														13			
TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Non-eligible net sales		23,942	79																	
TOTAL		30,385	100																	

Aligned net sales at each company

Lundbergs Real Estate Operations' taxonomy-aligned net sales amounts to SEK 752 m., which corresponds to 43% of the total net sales of real estate operations. Holmen's taxonomy-aligned net sales amounts to SEK 2,829 m., which corresponds to 11% of Holmen's total net sales.

Hufvudstaden's taxonomy-aligned net sales amounts to SEK 268 m., which corresponds to 10% of Hufvudstaden's total net sales.

NOTE 40 – cont.

INVESTMENTS 2022

Economic activities (1)	Codes (2)	Absolute investments (3)	Proportion of investments (4)	Substantial contribution criteria						Do No Significant Harm criteria (DNSH)							Taxonomy-aligned proportion of investments, 2022 (18)	Taxonomy-aligned proportion of investments, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
Unit	SEK m.	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/-	T/-	
TAXONOMY-ELIGIBLE ACTIVITIES																				
Aligned activities																				
Charging stations for electric vehicles in buildings ¹	7.4	4	0	100	-	-	-	-	-	-	Y	-	-	-	-	Y	0	-	E ²	-
Instruments for measuring energy performance of buildings ¹	7.5	3	0	100	-	-	-	-	-	-	Y	-	-	-	-	Y	0	-	E ²	-
Renewable energy technologies ¹	7.6	9	0	100	-	-	-	-	-	-	Y	-	-	-	-	Y	0	-	E ²	-
Acquisition and ownership of buildings	7.7	360	10	100	-	-	-	-	-	-	Y	-	-	-	-	Y	10	-	-	-
Harvesting of own forest	1.3	267	7	100	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	7	-	-	-
Electricity generation from wind power	4.3	596	16	100	-	-	-	-	-	-	Y	Y	Y	-	Y	Y	16	-	-	-
Electricity generation from hydropower	4.5	20	1	100	-	-	-	-	-	-	Y	Y	-	-	Y	Y	1	-	-	-
Electricity generation from bioenergy	4.8	30	1	100	-	-	-	-	-	-	Y	Y	-	Y	Y	Y	1	-	-	-
Total aligned activities		1,289	35	100												35				
Non-aligned activities																				
Construction of new buildings	7.1	247	7																	
Renovation of existing buildings	7.2	426	11																	
Energy efficiency equipment ¹	7.3	39	1																	
Acquisition and ownership of buildings	7.7	631	17																	
Total non-aligned activities		1,343	36																	
Total eligible activities		2,632	71													35				
TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Non-eligible investments		1,083	29																	
TOTAL		3,715	100																	

¹) Includes installation, maintenance and repair. For full definition, see box on page 91.

²) "E" stands for "Enabling".

Taxonomy-aligned investment in each company

Lundbergs Real Estate Operations' taxonomy-aligned investments amount to SEK 320 m., which corresponds to 41% of the total investments of real estate operations.

Holmen's taxonomy-aligned investments amount to SEK 913 m., which corresponds to 47% of Holmen's total investments.

Hufvudstaden's taxonomy-aligned investments amount to SEK 56 m., which corresponds to 6% of Hufvudstaden's total investments.

Information on investments

All investments reported in activities 7.1-7.7 relate to investment properties. Of the SEK 267 m. in taxonomy-aligned investments relating to harvesting of own forest, SEK 198 m. relates to forest assets, SEK 51 m. to tangible fixed assets and SEK 18 m. to leases.

Of the SEK 596 m. in taxonomy-aligned investments relating to wind power, SEK 592 m. relates to tangible fixed assets and SEK 4 m. to intangible fixed assets. Of the SEK 20 m. in taxonomy-aligned investments relating to hydropower, SEK 14 m. relates to tangible fixed assets and SEK 6 m. to intangible fixed assets. Of the SEK 30 m. in taxonomy-aligned investments relating to bioenergy,

SEK 30 m. relates to tangible fixed assets.

NOTE 40 – cont.

OPERATING EXPENSES 2022

Economic activities (1)	Codes (2)	Absolute Operating Expenses (3)	Proportion of Operating Expenses (4)	Substantial contribution criteria						Do No Significant Harm criteria (DNSH)							Taxonomy-aligned proportion of Operating Expenses, 2022 (18)	Taxonomy-aligned proportion of Operating Expenses, 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
Unit	SEK m.	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/-	T/-	
TAXONOMY-ELIGIBLE ACTIVITIES																				
Aligned activities																				
Acquisition and ownership of buildings	7.7	96	6	100	-	-	-	-	-	-	Y	Y	Y	Y	Y	6	-	-	-	
Harvesting of own forest	1.3	235	14	100	-	-	-	-	-	-	Y	Y	Y	Y	Y	14	-	-	-	
Electricity generation from wind power	4.3	6	0	100	-	-	-	-	-	Y	Y	Y	-	Y	Y	0	-	-	-	
Electricity generation from hydropower	4.5	31	2	100	-	-	-	-	-	Y	Y	-	-	Y	Y	2	-	-	-	
Electricity generation from bioenergy	4.8	8	0	100	-	-	-	-	-	Y	Y	-	Y	Y	Y	0	-	-	-	
Total aligned activities	376	22	100												22					
Non-aligned activities																				
Acquisition and ownership of buildings	7.7	200	12																	
Total non-aligned activities	200	12																		
Total eligible activities	576	34													22					
TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Non-eligible operating expenses		1,123	66																	
TOTAL		1,699	100																	

Taxonomy-aligned operating expenses in each company

Lundbergs Real Estate Operations' taxonomy-aligned operating expenses amount to SEK 87 m., which corresponds to 37% of the total operating expenses of real estate operations.

Holmen's taxonomy-aligned operating expenses amount to SEK 280 m., which corresponds to 20% of Holmen's total operating expenses.

Hufvudstaden's taxonomy-aligned operating expenses amount to SEK 9 m., which corresponds to 11% of Hufvudstaden's total operating expenses.

Taxonomy-eligible economic activities*Lundbergs Real Estate Operations and Hufvudstaden*

- 7.1 Construction of new buildings
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings.

Holmen

- 1.3 Harvesting of own forest
- 4.3 Electricity generation from wind power
- 4.5 Electricity generation from hydropower
- 4.8 Electricity generation from bioenergy

Income statement

Parent Company, SEK m.	Note	2022	2021
Personnel costs	2	-15	-16
Depreciation	3	-1	-1
Other external costs	4	-18	-17
Operating loss		-34	-33
Result from financial items	5		
Result from participations in Group companies		1,284	1,030
Result from participations in associated companies		900	919
Result from other securities and receivables classed as fixed assets		672	884
Interest income		65	58
Interest expense and similar costs		-76	-134
Profit after financial items		2,811	2,724
Appropriations	6	-7	-68
Profit before taxes		2,804	2,656
Tax	7	-80	-112
Net profit for the year		2,724	2,544

Statement of comprehensive income

Parent Company, SEK m.	2022	2021
Net profit for the year	2,724	2,544
Other comprehensive income		
<i>Items that cannot be transferred to profit or loss</i>		
Financial assets measured at fair value	-3,048	3,071
Tax attributable to other comprehensive income	304	-518
	-2,744	2,553
Total comprehensive income for the year	-21	5,097

Balance sheet

Parent Company, SEK m.	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>	8	7	7
<i>Financial fixed assets</i>			
Participations in Group companies	9	7,105	6,991
Participations in associated companies	10	17,969	17,586
Financial investments	11	16,979	19,381
Total financial fixed assets		42,053	43,959
Total fixed assets		42,060	43,966
Current assets			
<i>Current receivables</i>			
Receivable from Group companies	12	5,813	5,454
Other operating receivables		13	9
Total current receivables	13	5,826	5,463
Cash and cash equivalents	13,14	402	522
Total current assets		6,229	5,984
TOTAL ASSETS		48,289	49,950
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
<i>Restricted shareholders' equity</i>			
Share capital (248,000,000 shares)		2,480	2,480
<i>Unrestricted shareholders' equity</i>			
Fair value reserve		5,991	8,735
Earnings brought forward		28,308	26,694
Net profit for the year		2,724	2,544
Total shareholders' equity		39,502	40,453
Untaxed reserves	16	779	736
Provisions	17	957	1,261
Long-term liabilities			
Long-term financial liabilities	13	4,900	6,900
Other long-term liabilities		11	31
Total long-term liabilities		4,911	6,931
Current liabilities			
Liabilities to Group companies	12,13	0	2
Other financial liabilities	12,13	2,123	523
Tax liabilities		6	32
Other current liabilities	18	10	12
Total current liabilities		2,140	570
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		48,289	49,950

Statement of changes in shareholders' equity

PARENT COMPANY, SEK m.	Restricted share-holders' equity	Unrestricted shareholders' equity			Total share-holders' equity
	Share capital	Fair value reserve	Earnings brought forward	Net profit for the year	
Shareholders' equity on Jan 1, 2021	2,480	6,182	26,295	1,267	36,224
Distribution of profits			1,267	-1,267	
Total comprehensive income for the year		2,553		2,544	5,097
Dividend			-868		-868
SHAREHOLDERS' EQUITY ON DEC 31, 2021	2,480	8,735	26,694	2,544	40,453
Distribution of profits			2,544	-2,544	
Total comprehensive income for the year		-2,744		2,724	-21
Dividend			-930		-930
SHAREHOLDERS' EQUITY ON DEC 31, 2022	2,480	5,991	28,308	2,724	39,502

Cash flow statement

Parent Company, SEK m.	Note14	2022	2021
Operating activities			
Profit after financial items		2,811	2,724
Adjustment for items not included in cash flow		-19	-211
Income tax paid		-106	-84
		2,686	2,429
Change in current receivables		-4	1
Change in current liabilities		-2	-20
CASH FLOW FROM OPERATING ACTIVITIES		2,680	2,410
Investing activities			
Acquisition of tangible fixed assets		-1	-0
Acquisition of financial assets		-1,143	-2,088
Divestments of tangible fixed assets		0	
CASH FLOW FROM INVESTING ACTIVITIES		-1,144	-2,088
Financing activities			
Loans raised		100	1,100
Loans repaid		-825	-511
Dividend paid		-930	-868
CASH FLOW FROM FINANCING ACTIVITIES		-1,655	-279
CASH FLOW DURING THE YEAR		-119	43
Cash and cash equivalents on January 1		522	479
Cash and cash equivalents on December 31		402	522

Notes – Parent Company

NOTE 1 – ACCOUNTING POLICIES

Parent Company's accounting policies

The Parent Company applies the same accounting policies as the Group, apart from the cases specified below. The deviations that exist between the Parent Company's and the Group's accounting policies result from limitations in the ability to apply IFRS within the Parent Company, due to the Annual Accounts Act (AAA) and the Pension Obligations Vesting Act (Tryggandelagen) and in certain cases for tax purposes.

The Parent Company has prepared its annual accounts in accordance with the AAA (1995:1554) and the Swedish Financial Reporting Council's Recommendation RFR 2, Accounting for Legal Entities. According to RFR 2, the Parent Company, as the legal entity, must apply all of the EU-approved IFRS and statements insofar as this is possible within the framework of AAA and the Pension Obligations Vesting Act and taking into account the correlation between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRS that may be applied. The Swedish Financial Reporting Council's issued statements concerning listed companies have also been applied.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with AAA, while the statement of comprehensive income and the statement of changes in shareholders' equity are based on IAS 1 Presentation of Financial Statements. The differences in relation to the consolidated financial statements that arise in the Parent Company's income statement and balance sheet mainly comprise the recognition of results from financial items, fixed assets and shareholders' equity and untaxed reserves, as well as the existence of provisions as a separate item in the balance sheet.

Subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized in the Parent Company according to the acquisition value method. This means that transaction charges are included in the carrying amount for shareholdings in subsidiaries and associated companies.

Revenues

Dividend income is recognized when the right to receive the dividend is considered certain.

Tangible fixed assets

Tangible fixed assets are recognized at acquisition value less accumulated depreciation and any impairment losses.

Borrowing costs

In the Parent Company, borrowing costs are charged against profit or loss during the period to which they pertain. No borrowing costs are capitalized as assets.

Leasing

In the Parent Company, all leases are recognized as operating; i.e. lease payments are expensed in pace with the use of the asset.

Taxes

In the Parent Company, untaxed reserves are recognized without being divided up into shareholders' equity and deferred tax liabilities, which means this approach differs from the approach adopted in the consolidated financial statements.

Group and shareholder contributions

Shareholder contributions are entered directly in the shareholders' equity of the recipient and are capitalized in shares and participations by the donor. Group contributions are recognized according to RFR 2 IAS 18 p3 and RFR 2 IAS 27 p2. Recognition is according to the alternative rule entailing that Group contributions received and paid will be recognized as appropriations.

Financial guarantee agreements

The Parent Company's financial guarantee agreements consist mainly of sureties for the benefit of subsidiaries. For the recognition of financial guarantee agreements, the Parent Company applies one of the relief rules permitted by the Swedish Financial Reporting Council, as compared with the rules of IFRS 9.

NOTE 2 – PERSONNEL COSTS FOR EMPLOYEES

Information regarding the Parent Company's employees and personnel costs is presented in Note 5 in the consolidated financial statements.

Pensions

The company's employees are covered by the ITP plan. Obligations for old-age pension and family pension are secured in part through insurance in Alecta and in part through the payment of premiums.

SEK m.	2022	2021
Costs for defined-benefit plans	2	2

The above cost includes SEK 2.1 m. (2.2) for ITP plan commitments funded in Alecta.

NOTE 3 – DEPRECIATION ACCORDING TO PLAN

SEK m.	2022	2021
Machinery and equipment	1	1

NOTE 4 – FEES AND REMUNERATION PAID TO THE AUDITORS

SEK m.	2022	2021
Remuneration to PricewaterhouseCoopers AB		
Auditing assignments	1.1	1.0
	1.1	1.0

NOTE 5 – FINANCIAL ITEMS

Dividends, SEK m.	2022	2021
Group companies	1,284	1,030
Associated companies	900	919
Other securities and receivables classed as fixed assets	672	884
	2,856	2,833

Interest income, SEK m.	2022	2021
Interest income, Group companies	64	58
Interest income, others	1	
	65	58

Interest expense and similar costs, SEK m.	2022	2021
Interest expenses, Group companies	-1	-0
Interest expenses, others	-81	-80
Others	5	-54
	-76	-134

NOTE 6 – APPROPRIATIONS

SEK m.	2022	2021
Difference between book depreciation and depreciation according to plan, Equipment	-0	-0
Tax allocation reserve, provision during the year	-130	-182
Tax allocation reserve, reversal during the year	87	113
Group contribution received	36	1
	-7	-68

NOTE 11 – FINANCIAL INVESTMENTS

SEK m.	2022		2021	
Accumulated acquisition value				
On January 1		19,381		15,234
Investments		646		1,076
Year's changes in value		-3,048		3,071
		16,979		19,381
	Shareholding, Dec 31, 2022 as a % of		SEK m.	
	share capital	voting rights	2022	2021
Financial assets ^{1,2}				
Alleima	6.1	6.1	591	
Handelsbanken A	2.9	3.0	6,096	5,480
Sandvik	2.8	2.8	6,500	8,588
Skanska A ³	5.4	13.0	1,095	1,554
Skanska B			2,698	3,759
			16,979	19,381

¹ Measured at fair value through other comprehensive income.

² Fair value at December 31, 2022 exceeded the acquisition value of all shares.

³ The market value of Series A Skanska shares has been calculated based on a 10% premium on the price of publicly traded Series B shares.

The assets have been measured at fair value based on the current stock-market price. Should the asset comprise shares of various series, the percentage of share capital and voting rights is stated jointly for the holding.

Holdings of securities measured at fair value

SEK m.	2022		2021	
Acquisition value of listed shares				
On January 1		10,720		9,643
Investments		646		1,076
		11,366		10,720
Changes in fair value through profit or loss				
On January 1		-1,334		-1,334
		-1,334		-1,334
Changes in fair value through the balance sheet				
On January 1		9,996		6,925
Changes in value		-3,048		3,071
		6,948		9,996
		16,979		19,381

NOTE 12 – RELATED PARTIES

Subsidiaries, SEK m.	2022		2021	
Interest received from related parties		64		58
Interest paid to related parties		0		0
Receivable from related parties, Dec 31		5,813		5,454
Debt to related parties, Dec 31		0		2
Key personnel in executive positions, SEK m.	2022	2021		
Sales to related parties	12	12		
Debt to related parties, Dec 31	67	76		

Transactions with related parties have been priced on commercial terms and is described in the Group's Note 32.

Key personnel in executive positions

Via his wholly owned company Förvaltnings AB Lunden (including subsidiaries), Fredrik Lundberg and his wife directly or indirectly hold 70.60% (70.60) of the voting rights and 40.76% (40.76) of the share capital in L E Lundbergföretagen AB (publ). Lundbergs manages Förvaltnings AB Lunden's properties under a management agreement.

Louise Lindh (incl. family) and Katarina Martinson (incl. family) each hold 11.39% (11.39) of the voting rights and 14.79% (14.79) of the share capital in L E Lundbergföretagen AB (publ).

The total remuneration paid to a particular Board member is stated in Note 5 to the consolidated financial statements.

NOTE 13 – FINANCIAL INSTRUMENTS**Financial instruments measured at fair value in the balance sheet**

In accordance with IFRS 7, disclosures must be provided concerning how fair value has been established for instruments measured at fair value in the balance sheet, which include financial investments (shares).

Input data for measurement of financial instruments measured at fair value in the balance sheet has been based on observable market prices, meaning that they are attributable to Level 1 according to IFRS 13.

Since Series A Skanska shares are not publicly traded, their value has been calculated based on a 10% premium on the price of publicly traded Series B shares, whereby the valuation is made in accordance with Level 3 under IFRS 13. During the year, the value change was SEK -459 m. (163), which was entirely attributable to unrealized changes in value and has been recognized in other comprehensive income under Financial assets measured at fair value.

Financial instruments not measured at fair value in the balance sheet but for which disclosures have been provided about the fair value

When disclosures about fair value are provided in the table below for financial instruments not measured at fair value in the balance sheet, the fair value has been determined in the following manner:

Loans from banks with fixed interest rates have been measured at the rate by which refinancing could be done on the balance-sheet date. This measurement is in accordance with Level 3 since these rates cannot be observed in the market. Loans with variable interest rates are assumed to have a market value that matches the carrying amount provided that a measurable change did not occur in a current spread for a similar transaction.

Other financial instruments in the balance sheet have a short period remaining to maturity. The carrying amount has been stated as the fair value of these instruments, which is regarded to reflect the fair value since the discount effect is negligible.

Financial instruments included in net financial debt

SEK m.	Total carrying amount ¹		Fair value	
	2022	2021	2022	2021
Current financial receivables				
Other financial receivables	5,826	5,463	5,826	5,463
	5,826	5,463	5,826	5,463
Cash and cash equivalents				
Bank balances	402	522	402	522
	402	522	402	522
Long-term financial liabilities				
Bond loans	3,900	5,900	3,544	5,843
Bank loans	1,000	1,000	1,012	1,004
	4,900	6,900	4,557	6,847
Current financial liabilities				
Bond loans	2,000	500	1,959	503
Commercial papers	100		100	
Accrued interest	23	23	13	23
Other current liabilities	0	2	0	2
	2,123	525	2,071	528

¹ All items are recognized at accrued acquisition value.

NOTE 13 – cont.**Financial instruments not included in net financial debt**

SEK m.	2022	2021
Assets		
Participations in Group and associated companies ¹	24,895	24,398
Financial investments ²	16,979	19,381
Shares in unlisted companies ³	180	180
Accounts receivable		0
Liabilities		
Accounts payable	0	2
Derivatives recognized among operating liabilities ³	11	31

¹) Recognized at accrued acquisition value.

²) Recognized at fair value through other comprehensive income.

³) Recognized at fair value through profit or loss.

Financial liabilities, Dec 31, 2022

Maturity	SEK m.	Proportion, %
2023	2,123	30
2024	2,000	29
2025	1,500	21
2026	900	13
2027-	500	7
	7,023	100

NOTE 14 – CASH FLOW STATEMENT

The cash flow statement was compiled in accordance with the indirect method. Recognized cash flow only comprises transactions that involved receipts and disbursements.

Interest and dividends received, SEK m.	2022	2021
Interest received	65	58
Interest paid	-61	-96
Dividends received	2,856	2,593
	2,860	2,555

Cash and bank balances ¹ , SEK m.	2022	2021
Bank balances	402	522

¹) The overdraft facility granted totals SEK 100 m. (100).

Under the MTN program, SEK 0 m. (400) was borrowed on a long-term basis and SEK 500 m. (0) was repaid.

Under the commercial paper program, a total of SEK 400 m. (700) was borrowed on a short-term basis, divided among several loans, and SEK 300 m. (700) was repaid.

Instrument	2022	Cash flow	Market revaluations	2021
Bank loan	1,000			1,000
Bond loans	5,900	-500		6,400
Commercial papers	100	100		
Derivatives	11		-20	31
Others	23	1		23
	7,035	-399	-20	7,454

Instrument	2021	Cash flow	Market revaluations	2020
Bank loan	1,000			1,000
Bond loans	6,400	400		6,000
Derivatives	31	-49	44	36
Others	23	9		13
	7,454	360	44	7,050

NOTE 15 – SHAREHOLDERS' EQUITY**Unrestricted shareholders' equity**

The fair value reserve, earnings brought forward and net profit for the year constitute unrestricted shareholders' equity, meaning the amount available for distribution to the shareholders.

Fair value reserve

The company applies the rules stated in IFRS 9 for the measurement of financial instruments at fair value. The fair value reserve includes the accumulated net change in the fair value of financial assets measured at fair value up to the time the asset is derecognized from the balance sheet.

Fair value reserve, SEK m.	2022	2021
Opening value	8,735	6,182
Changes in value	-3,048	3,071
Tax attributable to changes in value	304	-518
	5,991	8,735

Earnings brought forward

Consists of unrestricted shareholders' equity and profit for the preceding year after payment of the dividend.

Dividends

The funds available for distribution by the AGM amount to SEK 37,021,941,752.

The Board of Directors proposes that the AGM on April 5, 2023 approve a dividend of SEK 4.00 per share. The proposed dividend totals SEK 992 m. The Board of Directors also proposes that the remaining amount of SEK 36,029,941,752 be carried forward.

In the preceding year, a dividend of SEK 3.75 per share (SEK 930 m.) was paid.

Other information is presented in Note 26 for the Group.

NOTE 16 – UNTAXED RESERVES

SEK m.	2022	2021
Equipment		
Opening balance	0	0
Accelerated depreciation during the year	0	0
Closing balance	0	0
Tax-allocation reserves		
Reserved for 2016 fiscal year		87
Reserved for 2017 fiscal year	78	78
Reserved for 2018 fiscal year	109	109
Reserved for 2019 fiscal year	250	250
Reserved for 2020 fiscal year	30	30
Reserved for 2021 fiscal year	182	182
Reserved for 2022 fiscal year	130	
	779	735
	779	736

Of untaxed reserves, deferred tax accounts for SEK 160 m. (152).

NOTE 17 – PROVISIONS

Provisions for taxes, SEK m.	2022	2021
Holdings of securities measured at fair value		
On January 1	1,261	743
Provisions during the year	-304	518
	957	1,261

NOTE 18 – OTHER CURRENT LIABILITIES

SEK m.	2022	2021
Accounts payable	0	2
Other liabilities	0	0
Accrued expenses and deferred income	9	10
	10	12

NOTE 19 – PLEDGED ASSETS AND
CONTINGENT LIABILITIES

No assets were pledged.

Contingent liabilities in favor of subsidiaries amount to SEK 114 m. (79).

Proposed allocation of earnings

The Board of Directors proposes that the funds available for distribution by the Annual General Meeting, an amount of SEK 37,022 m. (SEK 37,021,941,752), be distributed as follows:

To shareholders, a dividend of SEK 4.00 per share	SEK 992 m.
To be carried forward	SEK 36,030 m.
	SEK 37,022 m.

The company has 248,000,000 registered shares. The sum total of the proposed dividend above, SEK 992 m., may be amended if the number of treasury shares changes before the record date for dividends.

A reasoned statement motivating the dividend proposal will be available on the company's website www.lundbergforetagen.se no later than three weeks before the AGM. The statement will also be sent to those shareholders who request it.

The Board of Directors and the President give their assurance that the financial statements have been prepared in accordance with generally acceptable accounting practices in Sweden and that the consolidated financial statements have been prepared in compliance with the international accounting standards referred to in the European Parliament's and the Council's Ordinance (EC) No. 1606/2002 of July 19, 2002 concerning the application of international accounting standards. The Annual Report and the consolidated financial statements provide a fair and just impression of the Parent Company's and the Group's financial position and earnings. The Report of the Board of Directors for the Parent Company and the Group provides a fair and just summary of the development of the Parent Company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

The Annual Report and the consolidated financial statements were approved for publication by the Board and the President on February 23, 2023. The consolidated statement of income and comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be subject to adoption by the AGM on April 5, 2023. Tuesday, April 11, 2023 is proposed as the record date for payment of dividends. If the AGM resolves in accordance with the Board's proposal, it is estimated that the dividends will be distributed by Euroclear Sweden AB on Friday April 14, 2023.

Stockholm, February 23, 2023

Mats Guldbrand
Chair of the Board

Carl Bennet
Member of the Board

Louise Lindh
Member of the Board

Katarina Martinson
Member of the Board

Sten Peterson
Member of the Board

Lars Pettersson
Member of the Board

Bo Selling
Member of the Board

Fredrik Lundberg
President and Chief Executive Officer
Member of the Board

Our audit report was submitted on February 27, 2023

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of L E Lundbergföretagen AB, corp. id 556056-8817

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of L E Lundbergföretagen AB (publ) for the year 2022 except for the corporate governance statement and statement on the statutory sustainability report on pages 54-57 respective 22-29. The annual accounts and consolidated accounts of the company are included on pages 22-29 and 47-99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and statement on the statutory sustainability report on pages 54-57 respective 22-29. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and statement of profit or loss and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

Investment properties are reported in the consolidated accounts at fair value and amount to SEK 77,749 m. as of December 31, 2022.

The value of the properties is determined on the basis of internal valuations. Important assumptions in the valuations include the market yield, long-term vacancy rate and rental levels. To ensure that the valuation does not differ from the market assessments, management has also obtained independent external valuations for a part of the investment property portfolio. In all valuations based on estimates of future outcomes, there is an inherent uncertainty in the valuation.

RESPONSE IN THE AUDIT OF THE KEY AUDIT MATTER

Our audit procedures have included, but are not limited to, the following activities.

We have:

- Evaluated the internal valuation process.
- Randomly tested input data in a selection of internal valuations.
- Performed own calculations for a selection of property valuations.
- Evaluated significant assumptions including market yield, rental levels and long-term vacancy rates.
- Reconciled the internal valuations against the external valuations obtained by the company. In addition, the internal valuations have been reconciled with our own perception of the market's pricing of similar assets.
- Examined the information presented in the annual report and assessed that it provides sufficient information in accordance with the requirements of the regulations.

VALUATION OF OF FOREST ASSETS

The Group's forest assets amount to SEK 52,151 m. and constitute a significant item in the consolidated balance sheets. The assets are divided into biological assets that are recognised in accordance with IAS 41 Agriculture, and properties that are recognised in accordance with IAS 16 Property, Plant and Equipment. A description of the measurement of value of forest assets and important assumptions is presented in Note 16.

The measurement process is complex since it requires assessments and assumptions in respect of, inter alia, market statistics, and the breakdown of the total value of land and biological assets.

Significant areas of judgment include the scope and completeness of market statistics, local market prices and discount rates as well as timber prices and felling costs. The measurement is classified as a Level 3 measurement in accordance with IFRS 13. In view of the material nature of the item and the inherent complexity, the valuation of the group's forest assets is considered key audit matter in our audit.

RESPONSE IN THE AUDIT OF THE KEY AUDIT MATTER

Our audit procedures have included, but are not limited to, the following activities.

We have:

- Evaluated the process and the method used for valuation of forest assets as well as the Group's process for collecting input data, performed through validation against supporting documents and interviews with the Group's employees.
- Tested the allocation of value between biological assets and land assets.
- Evaluated the reasonableness of material assumptions that form the basis for the Group's valuation, including but not limited to, discount rate.
- Verified, on a sample basis, the mathematical accuracy of the valuation model used of forest assets and evaluated the controls that are in place to ensure that the input data is transferred correct.
- Our valuation specialists have evaluated assumptions and documentation used for establishing the discount rate used.
- Evaluated outcome of the internal valuation model used compared to external valuations.
- Examined that the disclosed information in Note 16 of the annual report meets the requirements according to IFRS and provides a fair presentation of the company's valuation.

VALUATION OF FINANCIAL FIXED ASSETS

The Parent Company's financial fixed assets as of December 31, 2022 amount to SEK 42,053 m. Information on the fair value of the shareholdings is important information for the company's stakeholders.

The Parent Company's holdings of financial fixed assets essentially consist of listed shares.

In the Parent Company, holdings of shares are valued either at acquisition cost or fair value depending on ownership. In the consolidated accounts, the same holdings are reported in another way where subsidiaries are consolidated, associated companies are reported according to their share of equity and other holdings continue to be reported at fair value.

Important areas for a correct valuation relate to determining market prices, ownership interest and the classification in the balance sheet.

RESPONSE IN THE AUDIT OF THE KEY AUDIT MATTER

Our audit procedures have included, but are not limited to, the following activities.

We have:

- Evaluated the company's presentation of fair values for the financial fixed assets.
- For shares traded on an active market, we have checked the valuation against current market data.
- Obtained proof that the company owns the assets as of 31 December 2022.
- The valuation of unlisted shares has been evaluated and checked against the company's calculations.
- Evaluated classification in the consolidated balance sheet.
- Checked the completeness of the information provided in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-46 and 104-109. The remuneration report that we obtained before the date of this audit report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of L E Lundbergföretagen AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for L E Lundbergföretagen AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of L E Lundbergöfretagen AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's (and the Managing Director)

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires me (us) to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54-57 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report for the year 2022 on pages 22-29 and that it has been prepared in accordance with the Annual Accounts Act

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of L E Lundbergöfretagen AB (publ) by the general meeting of the shareholders on the April 6, 2022 and has been the company's auditor since the April 15, 2021.

Stockholm February 27, 2023
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Board of Directors



Mats Guldbbrand

Born 1945
M. Sc. Economics
Chair of the Board
Elected to the Board in 2008
Board member of
The King Gustav V 80th
Anniversary Fund Foundation
Number of shares: 170,000



Carl Bennet

Born 1951
M. Sc. Economics,
Hon. PhD in Technology
Elected to the Board in 2009
CEO and Chair of the Board in Carl Bennet AB
Chair of the Board of Lifco
Deputy Chair of Arjo, Elanders and Getinge
Board member of Holmen
Number of shares: 400,000



Louise Lindh

Born 1979
M. Sc. Economics
Elected to the Board in 2010
President of Fastighets AB L E Lundberg
Chair of the Board of J2L Holding AB
Board member of Fastighets AB
L E Lundberg, Holmen and Hufvudstaden
Number of shares (including family):
36,677,204



Fredrik Lundberg

Born 1951
M. Sc. Economics and Engineering,
Hon. PhD in Economics and in Technology
President and CEO of
L E Lundbergföretagen AB
Elected to the Board in 1975
Chair of the Board of Fastighets AB
L E Lundberg, Holmen, Hufvudstaden
and Industrivärden
Deputy Chair of the Board of Handelsbanken
Board member of Skanska
Number of shares (including companies
and spouse): 101,086,000



Katarina Martinson

Born 1981
M. Sc. Economics
Elected to the Board in 2009
Chair of the Board of Indutrade
and The Lundberg Foundations
Board member of Fastighets AB
L E Lundberg, Fidelio Capital, Husqvarna
and Industrivärden
Number of shares (including family):
36,677,204



Sten Peterson

Born 1956
M. Sc. Engineering
Elected to the Board in 2001
Deputy Chair of Fastighets AB L E
Lundberg and Förvaltnings AB Lunden
Board member of Hufvudstaden and
J2L Holding AB
Number of shares: 76,000



Lars Pettersson

Born 1954
M. Sc. Engineering,
Hon. PhD in Technology
Elected to the Board in 2012
Board member of Husqvarna,
Industrivärden and Indutrade.
Number of shares: 4,000



Bo Selling

Born 1958
M. Sc. Engineering
Elected to the Board in 2020
Chair of Sydholmarna Kapitalförvaltning
Number of shares: 1,000

The Board of L E Lundbergföretagen AB (publ) consists of eight members without deputies, all elected by the Annual General Meeting. In 2022, the number of board meetings amounted to six, of which one was a statutory meeting. At each ordinary board meeting, reports have been submitted on developments in Lundbergs Fastigheter, in L E Lundberg Kapitalförvaltning and in the portfolio companies.

Auditor

PricewaterhouseCoopers AB

Auditor in Charge
Magnus Svensson Henryson,
Authorized Public Accountant
Born 1969

Senior executives L E Lundbergföretagen AB



Fredrik Lundberg

Born 1951, employed since 1977
President and CEO
Number of shares (including companies
and spouse): 101,086,000



Claes Boustedt

Born 1962, employed since 1991
Executive Vice President
President of L E Lundberg
Kapitalförvaltning AB
Number of shares: 120,000



Lars Johansson

Born 1966, employed since 1991
Chief Financial Officer

Senior executives Lundbergs Fastigheter



Louise Lindh

Born 1979, employed since 2005
President
Number of shares (including family): 36,677,204



Johan Ladenberg

Born 1966, employed since 2005
Executive Vice President
Head of Rental and Property Administration
Number of shares: 6,100



Christian Claesson

Born 1980, employed since 2015
Regional Manager East
Head of Business Development



Peter Kjell-Berger

Born 1968, employed since 2021
Chief Accountant



Lisa Lundh

Born 1976, employed since 2018
Head of Marketing and Communications



Johan Sandborgh

Born 1979, employed since 2009
Regional Manager Stockholm
Head of Sustainability
Number of shares: 163



Peter Lundgren

Born 1970, employed since 1994
Regional Manager West
Head of Technical Operations
Number of shares: 5,200

Annual General Meeting (AGM) and financial reports

Information about the AGM

The Annual General Meeting of L E Lundbergföretagen will take place on Wednesday April 5, 2023.

Registration and voting

A shareholder who wishes to participate in the Meeting, must be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB on Tuesday March 28, 2023 and give notice of intent to participate no later than Thursday March 30, 2023.

Notification can be made in any of the following manners:

- **through the companys website** www.lundbergforetagen.se
- **by e-mail to** anmalan@lundbergs.se
- **by tel** +46 11 21 65 00
- **by post to** L E Lundbergföretagen AB,
SE-601 85 Norrköping, Sweden

Notification should include name, address, telephone number, personal identification number/corporate registration number, number of shares and number of advisors. If participation is to be based on proxy, the power-of-attorney authorizing should be sent together with the notification of attendance. The original power-ofattorney, registration certificate and other authorizing documents must be shown at the Annual General Meeting. A form for notifying power of attorney is available from the Company and on its website, www.lundbergforetagen.se.

In order to be entitled to participate in the Meeting a shareholder, whose shares are registered in the name of a nominee, must register its shares in its own name so that the shareholder is listed in the presentation of the share register as of Thursday March 30, 2023. Such re-registration shall be made to the nominee, in accordance with the nominee's routines, at such a time in advance as decided by the nominee.

Dividend

The Board of Directors proposes a dividend of SEK 4.00 per share. Tuesday April 11, 2023 is proposed as the record date for payment of dividends. If the AGM approves the Board's proposal, it is estimated that the dividend will be distributed by Euroclear Sweden AB on Friday April 14, 2023.

Financial information

The following financial statements will be published in Swedish and English on our www.lundbergforetagen.se website.

May 30, 2023	Interim Report January – March 2023
August 29, 2023	Interim Report January – June 2023
November 23, 2023	Interim Report January – September 2023
February 22, 2024	Year-End Report for 2023

The Annual Report will be sent to shareholders who have notified their desire to receive it. Notification is easiest via www.lundbergforetagen.se, under the heading Investor Relations.

Addresses

L E Lundbergföretagen AB (publ.)

Corp. Reg. No: 556056-8817

Registered headquarters: Stockholm

PO Box 14048, SE-104 40 Stockholm,
Sweden

Street address: Hovslagargatan 5B

Tel: +46 8 463 06 00

E-mail: information@lundbergs.se

www.lundbergforetagen.se

Fastighets AB L E Lundberg

Corp. Reg. No: 556049-0483

Registered headquarters: Norrköping

SE-601 85 Norrköping, Sweden

Street address Olai Kyrkogata 40

Tel: +46 11 21 65 00

E-mail: info@lundbergs.se

www.lundbergs.se

www.lundbergforetagen.se

On Lundbergs' website, you will find general information about the company, financial information and the current share price.

The list of properties with addresses and photos of
Fastighets AB L E Lundbergs' properties is available at www.lundbergs.se

Production: Lundbergs in cooperation with Anfang Design & Kommunikation.

Translation: Translator Scandinavia AB. Print: TelloGruppen

Cover: Invercote Creato 300 g. Contents MultiArt Silk 150 g and MultiDesign Original white 130 g.

Photography: Alleima 2, 30, 43, Måns Berg 2, 30, Crelle Photography 36, Pao Duell 2, 30, Ulla-Carin Ekblom 6,
104-107, Christine Engström 34, Fond & Fond 2, 30, 42, Handelsbanken 2, 30, 44, Husfoto 2, 30, 27, 29, Husqvarna 2,
30, Anna Kuylenstierna 2, 30, 46, Jenny Lagerqvist 2, 30, 41, Tony Oldenburg 25, OTW/Anna Hållams 38, Sandvik 2,
30, 45, Fredrik Schlyter 32, Stendahls 40



3041 0363

