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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 46-95. The statutory sustainability report in accordance with the Annual Accounts Act is included in the Annual Report (pages 22-29 and Note 40 on pages 87-88). 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 Hufvudstaden and Holmen and the associated companies Industrivärden, Indutrade and Husqvarna. Lundbergs also has major shareholdings in Handelsbanken, Sandvik and Skanska.

Direct and indirect real estate exposure accounts for approximately 25% of our total assets. The remaining approximately 75% 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
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SUBSIDIARIES

Hufvudstaden	46.8 (88.5)
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Holmen	34.1 (62.3)
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ASSOCIATED COMPANIES

Industrivärden	18.8 (24.9)
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Indutrade	26.6 (26.6)
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Husqvarna Group	7.6 (25.4)
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MAJOR SHAREHOLDINGS

Handelsbanken	2.9 (2.9)
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Sandvik	2.7 (2.7)
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Skanska	5.4 (13.0)
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The figures denote the percentage of share capital (voting rights) held at February 22, 2022.

The Lundberg share

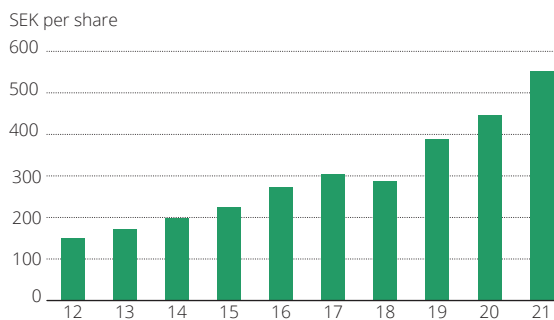
Through growth in dividends and net asset value, Lundbergs' objective is to generate a return for shareholders that comfortably meets the market's return requirement.

Net asset value (total assets less liabilities and deferred tax) amounted to SEK 533 per share at December 31, 2021. Net asset value per share over the past 10-year period has grown on average by 11.5% per year.

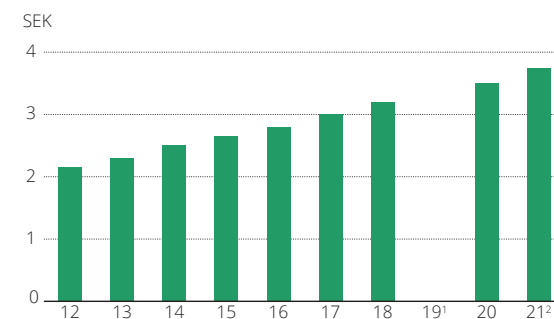
Lundbergs aims to provide shareholders with favorable and steady dividend growth over time. The Board of Directors' proposal to the 2022 Annual General Meeting (AGM) is a dividend of SEK 3.75 per share. Dividend growth over the past 10-year period has averaged 6.5% per year.

The Lundbergs share's total return over the past 10 years has grown on average by 18.8% per year. The Stockholm Stock Exchange's annual total return over the same period was 16.8% per year.

Net asset value after deferred tax



Dividend

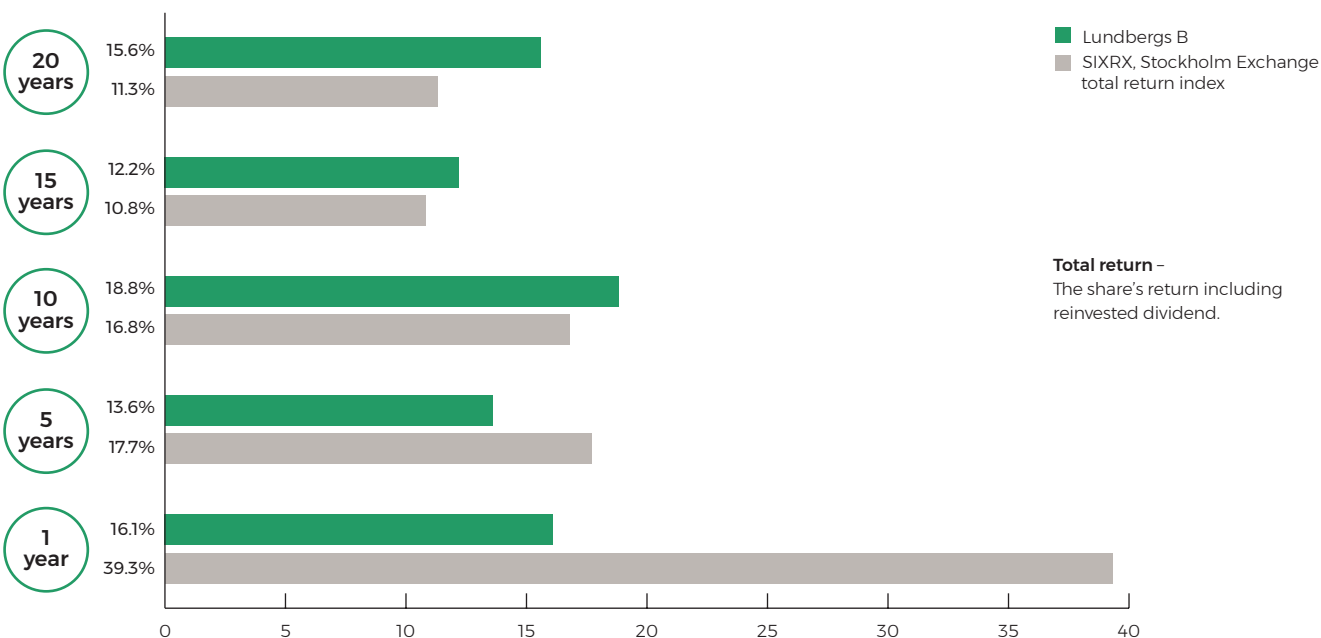


¹ No dividend paid.

² The Board of Directors' proposal.

Total return on the Lundberg share

AVERAGE PER YEAR



The year in brief

- On December 31, 2021, net asset value after deferred tax amounted to SEK 533 per share (446).
- Consolidated net sales amounted to SEK 24,832 m. (19,887).
- Profit after financial items totaled SEK 17,134 m. (4,471).
- Profit after financial items excluding impairment losses and unrealized changes in value amounted to SEK 11,912 m. (6,058).
- A dividend of SEK 3.75 per share (3.50) is proposed.
- In the Parent Company, SEK 2,088 m. was invested in publicly traded shares, and in the wholly owned business, Lundbergs Fastigheter, SEK 790 m. was invested in new construction and refurbishment.

Earnings and key data

	2021	2020
Net asset value after deferred tax, SEK billion	132.3	110.7
Net asset value per share after deferred tax, SEK	533	446
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	402	344
Net sales, SEK m.	24,832	19,887
Profit after financial items, SEK m.	17,134	4,471
excluding impairment losses and unrealized changes in value, SEK m.	11,912	6,058
Profit after tax, SEK m.	14,924	4,108
of which, non-controlling interests, SEK m.	3,556	517
Earnings per share attributable to the Parent Company's shareholders, SEK	45.84	14.48
Dividend/share, SEK	3.75 ¹	3.50
Debt/equity ratio, multiple	0.14	0.15
Equity/assets ratio, %	73	72

¹⁾ The Board of Directors' proposal.



Letter from the CEO

In 2021, developments in our society were again shaped by the COVID-19 pandemic. The massive stimuli that were implemented to ease the impact of the pandemic created exceptionally good access to capital. The effects of these measures have been clear both in our economy and in the financial markets. The year was characterized by strong demand for both consumer and investment goods, as well as for financial assets such as properties and shares.

Global economic activity during the year led to high growth and, in terms of GDP, the global economy grew approximately 5.5% in real terms. This means that global GDP during the year passed the levels that were achieved towards the end of 2019; i.e. before the pandemic. The strong demand also created inflationary pressures in the economy, which were also compounded to some extent by the limitations on global supply chains caused by the pandemic. Accordingly, the rate of inflation increased and, in many countries, we have seen rises in consumer price inflation that have not been seen for many years or even decades.

The favorable supply of capital at low interest rates has also led to high demand for financial assets, such as properties and shares. Many of the world's stock markets experienced sharp increases in share prices. On the Swedish stock market, measured in terms of the SIXRX, the total return for the year was a full 39%. In the property market, we noted continued declining yield requirements, resulting in increasing property values.

During the summer and autumn, as activity increased and inflation gained a clearer foothold, the need to reduce the stimuli became obvious. The world's central banks have signaled in various ways, and also implemented, actions aimed at reducing the stimuli of the so-called QE programs by raising policy interest rates and reducing purchases of bonds. For the stock market, this meant that uncertainty escalated and volatility increased, although the upward trend on the Swedish stock market continued. In January 2022, however, a larger correction of share prices occurred and market volatility remained high. Shares valued at high profit multiples have been particularly affected.

Many economists predict that consumer price inflation will return to the earlier low levels during the course of 2022. However, I believe that inflation will maintain its grip for longer than that. It will take time for the disruptions in global supply chains, as well as labor shortages in parts of the economy, to normalize. To this should be added "greenflation",

meaning the effects of the transition of our energy systems. The costs that this will involve will be considerable, which is something about which little is said. However, in the past autumn and now during the winter, households and companies in Europe have had to pay record-high energy prices. Also moving forward, energy prices will be volatile and will probably end up at a significantly higher level than in the past. Viewed as a whole, this means that companies will be exposed to considerable cost pressures, which is why the pricing of the companies' products and services will remain tremendously important in the years ahead.

Asset inflation has been high for many years. Publicly traded shares, properties, art and other capital investments have steadily become increasingly expensive. The low interest-rate level is an important cause. Now, when interest rates have started to rise, there is every reason to be cautious. Assets measured on the basis of exaggerated

growth expectations run a particular risk of being revalued. We have already seen tendencies towards this. A strong financial position will then become increasingly important. This provides resilience, but also potential to capitalize on favorable business opportunities.

Lundbergs' strategy stands firm. This means that we, as an investment company, will continue to invest in properties and in publicly traded companies. Due to the high quality and favorable future prospects of our portfolio companies, it is natural and rational that we further deepen our involvement in these. We will do this within the framework of our conservative financial policy. This means that our real estate portfolio will be leveraged up to a maximum of 50%, while our publicly traded shareholdings will remain completely unleveraged. At year-end, the loan-to-value ratio of the real estate operations was 25%. Interest-bearing net debt was SEK 7.1 billion, corresponding to 5% of our total assets.

Our objective over time is that the shareholders will receive an absolute return that substantially exceeds the market's return requirement. During such periods as 2021, when the market's focus was on IPOs and young high-growth companies with new technologies, it can be difficult for us to keep up. However, comparing profitability over a single year is

less relevant, particularly if the level of risk is not considered. What is decisive over a long period of time is to be able to demonstrate a competitive return. It is with satisfaction that I can state that we have significantly outperformed the stock market index in both a 10- and 20-year perspective. This applies to both growth in net asset value and to the total return on the share.

Lundbergs' role as an active and long-term owner is important. We aim to support and promote the companies' best interests on nomination committees and boards of directors, and also by maintaining

continuous contacts with management teams. The knowledge we have accumulated about the companies is considerable and is absolutely essential for living up to our undertaking as a major shareholder. This knowledge has been built up gradually over the years and requires patience and commitment. Our relationships with the various companies may be summarized

“Our relationships with the various companies may be summarized with the words responsibility and consideration.”

with the words responsibility and consideration. For many years, I have emphasized the significance of management and decentralization. This guides us when we exercise our active ownership. The importance of management cannot be overestimated and decentralization with broad responsibility is completely fundamental. In addition, the focus on sustainability has been sharpened even further. 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.

The property market remained strong during the past year. Considerable interest from many different investors could be noted. The required yield continued to fall, particularly for residential and community service properties. Office properties in strong market areas were also appreciated by investors, while the attitude to retail properties remained cautious. With respect to the need for offices, I am convinced that every organization needs to congregate and work together. Management, creativity and collaboration cannot be achieved as well when employees work at their separate locations. Interaction is a must. However, the design of our future offices will definitely change.

In my opinion, the escalation of social problems continues to be a threat to the property market in Sweden. The trend in property values depends on economic growth and payment capacity, as well as stability in society in general. The level of risk increases when uncertainty grows.

Performance in 2021

In 2021, Lundbergs reported consolidated after-tax profit of SEK 14.9 billion (4.1). After non-controlling interests, the figure was SEK 11.4 billion (3.6). Excluding unrealized value changes and impairment losses, profit after financial items was SEK 11.9 billion (6.1). Net asset value per share after deferred tax rose 20% during the year to SEK 533 (446). On February 22, 2022, the corresponding value was SEK 496 per share. Lundbergs' shareholders received a total return of 16% (7) in 2021, which was less than the corresponding stock exchange index, which rose 39% (15). At year-end, Lundbergs was valued at a discount, in contrast to the year-earlier period when the valuation matched the net asset value. The number of shareholders in Lundbergs increased during the year to some 53,900 (46,300).

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 3.75 per share (3.50). Our long-term aim is to offer shareholders favorable and steady dividend growth.

Lundbergs Fastigheter

Lundbergs' consolidated financial statements include Lundbergs Fastigheter with operating profit of SEK 3.0 billion (1.6). This profit included unrealized value appreciation of SEK 2.0 billion (0.7), corresponding to an increase of 8.0% (3.0). The main reason for the value increase was a lower yield requirement, but also higher net operating income, as well as the completion of an investment property generating a project gain.

The rental market in our marketplaces was strong for residential units and stable for offices. However, demand was weak for retail properties and restaurants. Our leasing situation was favorable throughout the year, despite the effects of the pandemic. The vacancy rate for 2021 was 3.5%.

In 2021, Lundbergs Fastigheter continued to invest heavily in both existing properties and in a project in progress. In total, investments amounted to SEK 746 m., of which SEK 446 m. in the existing real estate portfolio. A number of commercial premises were refurbished, leading to new value-generating leases. We also continued to refurbish a number of older

residential properties, a process that will continue over the next few years. By investing in the existing real estate portfolio, we increase the properties' attractiveness and extend their useful lives.

We have for many years invested considerable amounts in our properties and also completed a number of acquisitions and implemented new projects. At the same time, the rental market has been strong and yield requirements have declined. This has resulted in a gradual increase in the quality of our real estate portfolio and increased the property value. At the latest year-end, the value of our investment properties was SEK 27.9 billion (25.3).

In Linköping, the LINK Business Center project and a nearby residential building were completed, apart from a number of tenant-specific modifications. The project has a central location close to the Stångån canal and is fully leased. Through this project, we have created a meeting place for the business community in Linköping and an attractive profile property.

In Norrköping, we are currently planning a major refurbishment of a commercial property in a prime location. In addition to renewing the facade by giving it a modern expression, less attractive retail spaces are being converted into office space. Leases on the additional office space have been signed with the tenant, who will operate a modern coworking facility. We are of the opinion that this product will be in demand and contribute to revitalizing the city center.

During the past year, our management team and organization have handled the effects of the pandemic in an exceptional manner. We have had a favorable dialog with the tenants and found solutions to problems that have benefited both parties. I would like to thank our CEO Louise Lindh and other members of staff for their excellent work in 2021.

Portfolio companies

In 2021, the Parent Company acquired publicly traded shares for SEK 2,088 m., of which SEK 887 m. in Sandvik, SEK 858 m. in Industrivärden, SEK 153 m. in Hufvudstaden, SEK 104 m. in Skanska and SEK 85 m. in Handelsbanken. In addition, shares in Industrivärden at a total value of SEK 240 m. were obtained in the form of dividend from Handelsbanken. At the end of 2021, Lundbergs' holdings in the eight publicly traded portfolio companies represented a market capitalization of SEK 113.2 billion, compared with SEK 93.3 billion a year earlier. Adjusted for acquisitions during the year, the value increase was 19%, which may be compared with a 36% rise in the SIX General Index.

Our wholly owned operation in L E Lundberg Kapitalförvaltning engages in asset management in the short to medium term, as well as analytical activities. The company also serves as a support function for the Parent Company and reported highly favorable earnings in 2021. I would like to thank the company's CEO Claes Boustedt and his coworkers for a job well done over the past year.

Hufvudstaden's profit from property management improved in 2021. This was mainly attributable to higher rental revenue from both office and retail properties.

A return to growth in the value of the property portfolio was noted during the past year, due to positive unrealized changes in value driven by a lower yield requirement and higher office rents, as well as by investments. Net asset value at year-end amounted to SEK 188 per share (173) and the share price was SEK 135 per share.

Activity in the office leasing market increased gradually during the year in both Stockholm and Gothenburg. Demand for modern, flexible office premises in prime locations was favorable with slightly increasing rent levels. However, demand for retail premises was low, although a stabilization occurred in the autumn. Restrictions caused by the pandemic resulted in a reduced flow of people in city centers. However, a certain recovery occurred in the second half of the year. Hufvudstaden has a unique property portfolio completely concentrated in the most central parts of Stockholm and Gothenburg. I am fully convinced that once the pandemic fades, city locations will again become the most attractive locations in the rental market.

Hufvudstaden works actively to develop its real estate portfolio. At the Vildmannen 7 property in Bibliotekstan, Stockholm, which had been devastated by a fire, a new building is being constructed while maintaining the old facade. At the NK department stores in Stockholm and Gothenburg, changes are under way to satisfy new requirements in the retail market.

In addition, the large-scale development project, Johanna, in Gothenburg will start in 2022. This involves a complete property block in the Fredstan district, with new builds and refurbishments of offices and stores.

Hufvudstaden's financial position remains strong, with a loan-to-value ratio of 18%. The board of directors proposes that the AGM resolves on a raised dividend.

At year-end, Anders Nygren took office as the new CEO after Ivo Stopner, who had retired. Anders has a track record of 15 years at Hufvudstaden and had previously been in charge of property development and the Stockholm business area. Ivo had been CEO for 22 years and did an excellent job. Over these years, Hufvudstaden has expanded and developed in a highly positive manner. I would like to extend my sincere thanks to Ivo for his exceptional cooperation

throughout these years.

At the same time, I would like to wish Anders every success in his important task.

Holmen's operating profit in 2021 increased sharply year-on-year. Forest, wood products and energy reported higher profit while paperboard did not achieve the level shown in 2020. Paper was impacted during the fourth quarter by extremely high energy costs, but succeeded in achieving unchanged full-year earnings

compared with 2020. Following sharp price increases, wood products reported record-strong earnings, which it has not been close to before. The well-timed acquisition of Martinsons in 2020 made a strong contribution to the increased volume and earnings. A decision has also been made concerning considerable investments to increase capacity and raise the processing value at the Iggesund sawmill. A higher average price for Holmen's energy production improved Energy's earnings. The first wind power turbines at Blåbergsliden started delivering electricity in the fourth quarter and the wind farm will operate at full capacity during the first quarter of 2022. Paperboard was impacted by damage to a turbine in a bio-fuel boiler in Workington in late June 2021. This affected energy costs significantly which, together with a maintenance stoppage, explains the lower earnings. The damaged turbine is scheduled to be operational again during the first quarter of 2022 and the damage is adjudged to be covered by insurance. Holmen's forest holdings are the backbone of the company and continued to rise in value in 2021. The business model of generating value on the basis of forest assets again proved to be successful last year.

“The importance of management cannot be overestimated and decentralization with broad responsibility is completely fundamental.”

Holmen's management team, headed by CEO Henrik Sjölund, is doing a great job in creating value for the shareholders. Holmen is also well equipped to utilize the opportunities that will arise when Europe adapts to a fossil-free society. The company's financial position remains strong and the board of directors proposes that the AGM resolves on a raise of the ordinary dividend as well as an extra dividend.

Industrivärden's seven portfolio companies all reported positive development in 2021. They all impressively handled the negative effects of the pandemic. The portfolio companies are among the foremost within their particular industries and have skilled management teams. The financial position of the companies is also strong.

In 2021, Industrivärden's net asset value, including reinvested dividends, rose by 22% and the total return on the class C share was 10%. This was less than the average stock exchange index. During periods when the investors' main focus is on IPOs and young high-growth companies with new technologies, it is difficult for established companies in more traditional industries to keep up. Business and technological development is under way in Industrivärden's companies within the scope of the resources and experience that come with being a major company. In the long term, I am convinced that Industrivärden will deliver a competitive return to shareholders, which has also been the case during past years. Industrivärden's method of working with active ownership is successful and creates stability and a long-term approach. In 2021, Industrivärden increased its holdings in a number of the portfolio companies through new investments in shares. At the same time, the holding in SSAB was divested. Industrivärden's financial position remains strong, with a debt/equity ratio of 4%.

CEO Helena Stjernholm is doing exceptional work and enjoys great respect for her know-how and good judgment. The board of directors proposes that the AGM resolves on a raised ordinary dividend.

Indutrade again reported record earnings in 2021. Order bookings and invoicing increased sharply. Indutrade's scalable business model continues to reap successes. In 2021, a full 17 companies were acquired, with total annual sales of SEK 1.6 billion. These companies already contributed to the favorable earnings in 2021. The future potential for acquisitions is also deemed favorable. Indutrade's credibility as an owner, based on entrepreneurship and decentralized management, is the key to the company's

successes. Through its continued internationalization, Indutrade's leadership and acquisition opportunities will be broadened. CEO Bo Annvik, together with his management team, have done a fantastic job, which also bodes well for the future. Sustainability and pricing were key issues in 2021. Lundbergs' investment in Indutrade has created considerable value for us as shareholders. In my opinion, the prerequisites for the future also appear favorable. Indutrade's financial position is strong and the board of directors proposes that the AGM resolves on a raised dividend.

Husqvarna developed positively in 2021 and reported increased earnings. Organic growth was favorable, particularly within the important segments of robot lawnmowers, battery-powered products and professional chainsaws. Cash flow remained strong and the company's financial position is good. This was despite that fact that inventory levels increased in order to secure deliveries for 2022. In November, a US company that is a leading supplier of watering systems for homes and gardens in North America, was acquired.

Husqvarna continued its ambitious program to reduce carbon emissions. My impression is that the management team, headed by CEO Henric Andersson, functions very well. The board of directors proposes that the AGM resolves on a raised dividend.

Handelsbanken had a favorable business trend in 2021 and succeeded in reporting increased earnings. Net commission income in particular grew substantially, and the net interest income also increased slightly. The underlying cost increase was dampened and significant changes were implemented in the bank's structure. In Sweden, a shift was made to a county-divided organization rather than the former regional banks. A similar change is also in progress in the United Kingdom. The discontinuation of operations in a number of individual markets continued. During the autumn, the bank also decided to discontinue operations in Finland and Denmark and thus initiated divestment processes.

Through the changes now under way in the bank, the business is being concentrated to four home markets. The bank also sees major opportunities to continue to grow within asset management. Its loan portfolio is still of a very high quality with insignificant loan losses. The bank's capital situation is also strong, which will enable expansion of the business in the years ahead.

CEO Carina Åkerström is leading the bank in an exceptional manner, which is creating expectations

for the future. Due to the bank's positive performance, the board of directors proposes that the AGM resolves on a raised dividend.

Sandvik delivered strong organic and acquisition-driven growth as well as stable profitability during 2021. This applied to both order bookings and revenue in all business areas. The company also effectively managed a number of challenges, such as inflationary pressure, disruptions in logistics and the COVID-19 pandemic. In line with its new strategy – “shift to growth” – as many as 14 business acquisitions were completed during the year. These will contribute substantially to continued growth in Sandvik.

CEO Stefan Widing has now occupied his position for two years. He has quickly grown into the role and enjoys great respect both within and outside the company. His focus on the growth strategy feels completely right. The board of directors proposes that the AGM resolves on a raised ordinary dividend.

Skanska showed strong earnings in 2021, although somewhat lower year-on-year. The divestment of a couple of highly profitable projects influenced earnings in 2020. Construction continued to increase its margins and all units demonstrated strength. Order bookings were favorable, which enabled Skanska to end the year with a high order backlog.

Residential Development reported both sales and earnings increases and Commercial Property Development reported satisfactory earnings. Many new projects were started in both of these business areas towards year-end.

Skanska also decided to establish a new business area – Investment Properties. The intention is to build a portfolio of commercial properties in Sweden, which will generate additional value-creating opportunities over time. This was an important decision for Skanska. Anders Danielsson has achieved significant changes in the company during his four years as CEO. The level of risk in Construction has been reduced and the focus on project development has intensified. Skanska has a highly competent management

team and a strong organization, which gives me great confidence in the company. The company's financial position is strong and the board of directors proposes that the coming AGM resolves on a raise of the ordinary dividend as well as an extra dividend.

Outlook

Our wholly owned real estate operations form a stable base for Lundbergs. The business risk is relatively low and cash flow before investments is stable and, over time, rising. For many years, value changes have also been positive and have contributed to increases

in Lundbergs' net asset value. Moreover, we have steadily added new properties through both acquisitions and new production. During recent years, we have also upgraded a number of residential properties built in the 1960s and 1970s. Through this we have been able to raise rents and significantly extend the properties' service life. We will continue to invest in our existing properties in the years ahead. Adaptation of our retail properties to changed demand will also occur.

In addition to Lundbergs Fastigheter, we are exposed to properties through our ownership in the subsidiary Hufvudstaden. This investment, which we have had for nearly 24 years, has generated value and continues to look attractive.

In total, properties now account for some 30% of Lundbergs' net asset value.

Our other portfolio companies are all of high quality with favorable prospects for the future and continued potential for value creation. Our way of working with active ownership means a lot. We are represented on the companies' boards of directors and on their nomination committees. In addition, a dialog is continuously under way with the companies' executive management. The importance of an ownership role cannot be overestimated. It creates stability and provides conditions for long-term involvement in the companies.

The dividends from the portfolio companies have grown in importance for Lundbergs. They have

“I am of the opinion that all of these investments continue to have favorable potential to grow and create shareholder value.”

increased significantly over time and contribute substantially to our cash flow. They are largely reinvested in our operations, where we continue to increase our shareholdings in the portfolio companies. Our companies are all ranked among the leaders in their particular industry.

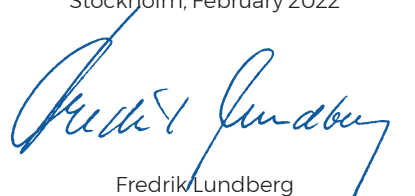
Through our ownership in Industrivärden, we have indirect exposure to an additional four companies, all of a high quality. In total, this means that Lundbergs, directly and indirectly, owns considerable interests in two real estate companies and ten major publicly traded companies in different industries. I am of the opinion that all of these investments continue to have favorable potential to grow and create shareholder value.

Lundbergs' portfolio companies provide us with a valuable spread of risks. This is achieved without excessively dividing our focus. In my opinion, we have good control over our ownership and manage it responsibly.

Over a prolonged period, Lundbergs has historically delivered a return to our shareholders that has outperformed the average stock market return. It is my belief and ambition that in coming years we will continue to provide a competitive return to our shareholders in Lundbergs.

Finally, I would like to extend a heartfelt word of thanks to all of the boards of directors, CEOs and organizations of our portfolio companies, as well as to Lundbergs' Board of Directors and all employees, for a job well done in 2021.

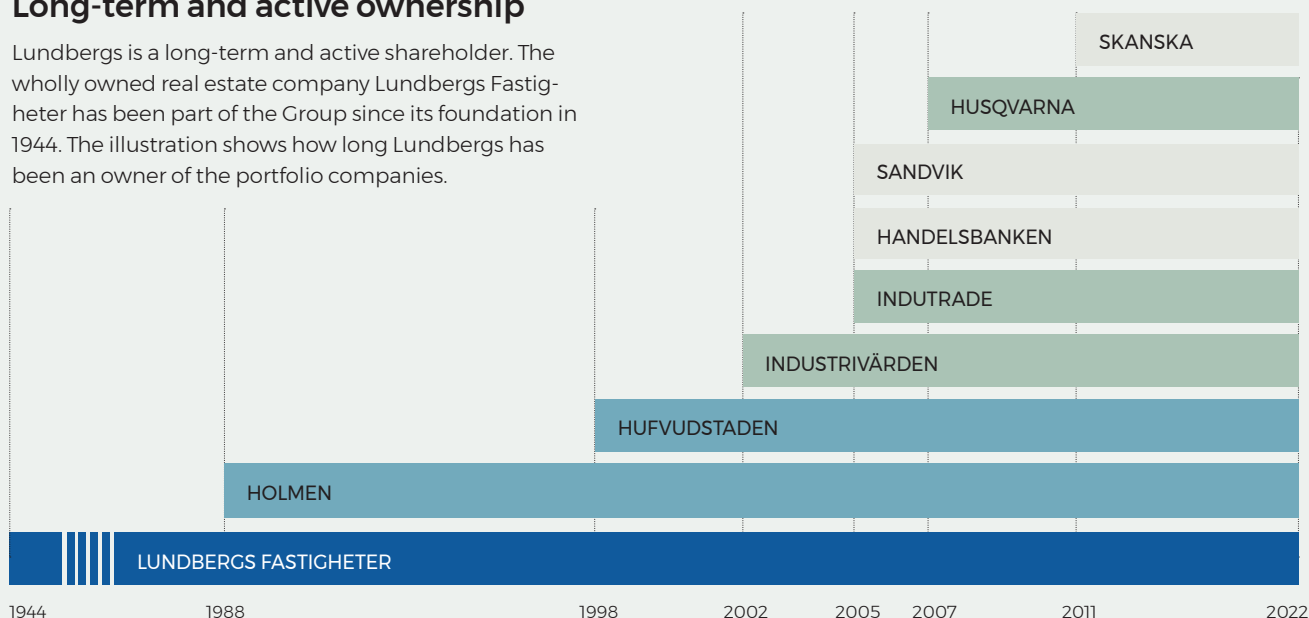
Stockholm, February 2022



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

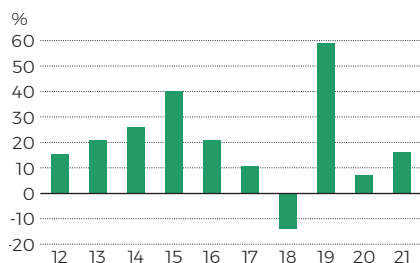
Lundbergs invests to develop companies and values over a long period of time. Through long-term, stable ownership, the portfolio companies and their respective management teams are provided with the opportunity to achieve strengthened market positions, increased competitiveness and sustainable value 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.

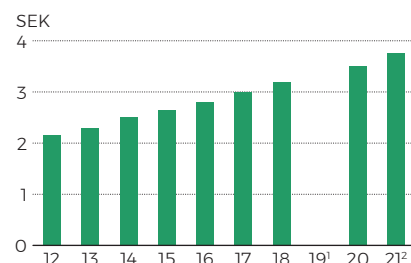
Lundbergs' active ownership is effected through genuine and committed work on the companies' boards. A board of directors that possesses broad competence has greater potential to see the big picture and, at the same time, identify material risks and opportunities. Being engaged in the nomination committees' 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



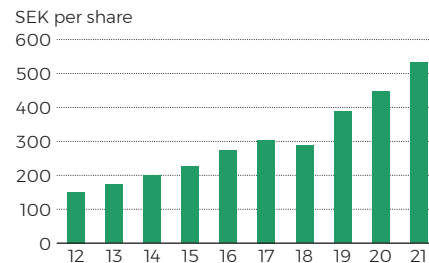
DIVIDEND PER SHARE



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 14.3% annually. Annual dividend growth over the same period has been 6.0%¹⁾.

During 2021, net asset value per share after deferred tax rose 19.5%. The total annual return on the share has averaged 13.6% per year over the past five years and 18.8% over the past ten years. The total annual return over the past 20-year period has averaged 15.6%.

Management expenses in relation to the market value of holdings during 2021 amounted to 0.09% (0.06).

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 3,512 m. in dividends from portfolio companies and funds from real estate operations, as well as sales of securities and properties. SEK 2,088 m. was invested in shares and SEK 790 m. in properties.

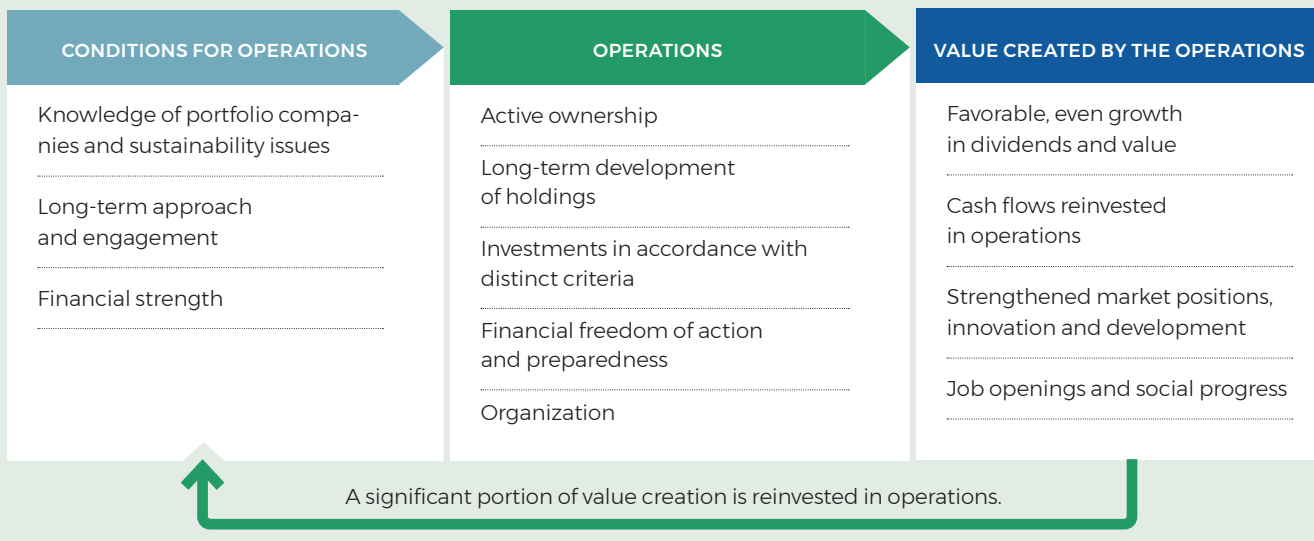
Organization

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 2022 AGM of SEK 3.75 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 22, 2022, property-related holdings through the wholly owned business Lundbergs Fastigheter, as well as shares in Hufvudstaden, represented a value of SEK 31.5 billion. This corresponds to 25% of the total holdings, measured at market value. Lundbergs interest-bearing net debt has been attributed to Lundbergs Fastigheter. The shareholdings in Holmen, Indutrade, Husqvarna, Industrivärden, Handelsbanken, Sandvik and Skanska accounted for SEK 92.0 billion, corresponding to 74%.

Investment activities

During the year, the Parent Company invested SEK 2,088 m. in publicly traded shares. Of these investments, Handelsbanken accounted for SEK 85 m., Hufvudstaden for SEK 153 m., Industrivärden for SEK 858 m., Sandvik for SEK 887 m. and Skanska for SEK 104 m.

Lundbergs Fastigheter invested SEK 746 m. in new builds and refurbishment of investment properties during the year.

SHAREHOLDINGS

Percent ¹	Feb 22, 2022		Dec 31, 2021		Dec 31, 2020	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Handelsbanken	2.9	2.9	2.8	2.9	2.8	2.8
Holmen	34.1	62.3	34.1	62.3	34.1	62.3
Hufvudstaden	46.8	88.5	46.8	88.5	46.2	88.4
Husqvarna	7.6	25.4	7.6	25.4	7.6	25.2
Industrivärden	18.8	24.9	18.8	24.9	17.7	24.0
Indutrade	26.6	26.6	26.6	26.6	26.6	26.6
Sandvik	2.7	2.7	2.7	2.7	2.4	2.4
Skanska	5.4	13.0	5.4	13.0	5.2	12.9

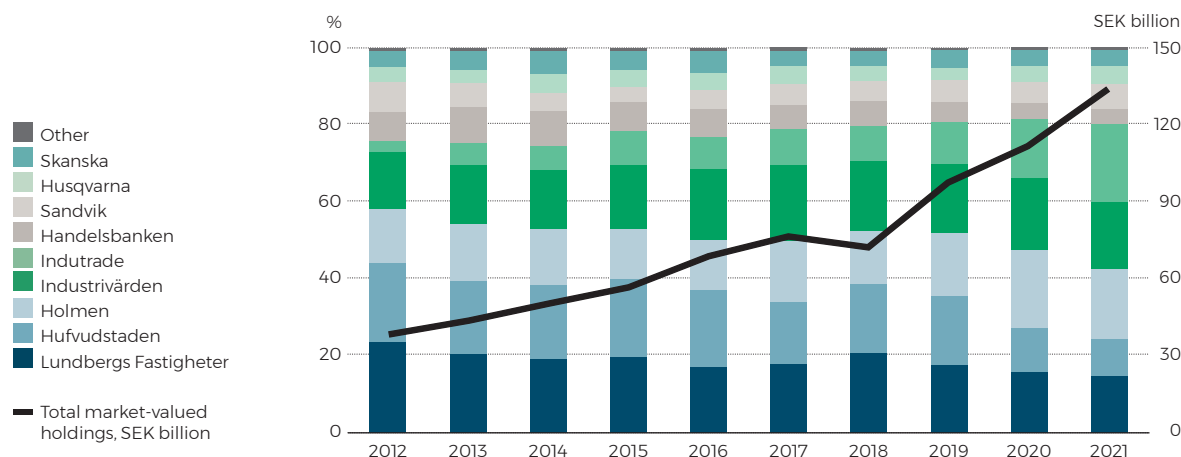
SEK m.	Feb 22, 2022		Dec 31, 2021		Dec 31, 2020	
	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³
Handelsbanken	5,327	4,290	5,480	4,195	4,543	4,110
Holmen	26,394	3,828	24,440	3,828	22,455	3,828
Hufvudstaden	11,955	2,984	12,899	2,984	12,829	2,830
Husqvarna	4,971	2,021	6,281	2,021	4,657	2,021
Industrivärden	21,994	13,055	23,305	13,055	21,054	11,957
Indutrade	20,404	2,510	26,844	2,510	17,063	2,510
Sandvik	7,752	3,616	8,588	3,616	6,039	2,729
Skanska	5,145	2,909	5,313	2,909	4,652	2,805
Other securities	845	630	1,007	665	759	649
Total	104,788	35,843	114,158	35,782	94,052	33,439

¹ The proportion of share capital and voting rights 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.

ALLOCATION OF HOLDINGS, DECEMBER 31 OF RESPECTIVE YEAR



Net asset value

On December 31, 2021, net asset value after deferred tax amounted to SEK 132,276 m. (110,687), corresponding to SEK 533 per share (446).

On February 22, 2022, estimated net asset value after deferred tax amounted

to SEK 123,115 m. corresponding to SEK 496 per share. Lundbergs Fastigheter's net asset value was measured at December 31, 2021, with additions for investments carried out in 2022. Net asset value includes investment properties at a value

of SEK 28.0 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, 2021						December 31, 2020		
	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, %
Handelsbanken A	56,000,000	2.8	2.9	5,480	22	5	4,543	18	4
Holmen A	33,244,000			14,877	60		13,796	56	
Holmen B	22,000,000	34.1	62.3	9,563	39	18	8,659	35	20
Hufvudstaden A	86,414,000	46.8	88.5	11,683	47	10	11,604	47	11
Hufvudstaden C	8,177,680			1,216	5		1,225	5	
Husqvarna A	39,400,000	7.6	25.4	5,681	23	5	4,216	17	4
Husqvarna B	4,142,012			600	2		441	2	
Industrivärden A	68,000,000	18.8	24.9	19,611	79	17	18,399	74	19
Industrivärden C	13,000,000			3,693	15		2,655	11	
Indutrade	96,840,000	26.6	26.6	26,844	108	20	17,063	69	15
Sandvik	34,000,000	2.7	2.7	8,588	35	6	6,039	24	5
Skanska A	6,032,000	5.4	13.0	1,554	6	4	1,391	6	4
Skanska B	16,050,000			3,759	15		3,261	13	
Other securities				1,007	4	1	759	3	1
Portfolio				114,158	460	85	94,052	379	84
Lundbergs Fastigheter									
Value of properties				28,468			25,736		
Interest-bearing net debt ¹				-7,062			-6,663		
Other net, including deferred tax ²				-1,719			-1,516		
Lundbergs Fastigheter				19,688	79	15	17,557	71	16
Total market-valued holdings				133,846	540	100	111,609	450	100
Other net, including deferred tax ²				-1,570	-6		-922	-4	
Net asset value after deferred tax				132,276	533		110,687	446	
Market value				125,984	508		109,269	441	
Price/NAV, %					95			99	

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.

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 25% (26) 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.

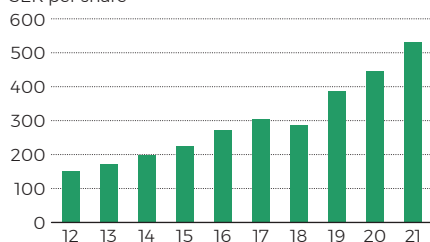
KEY FIGURES

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net asset value, SEK m.	132,276	110,687	96,320	71,373	75,364	67,675	55,865	49,408	42,771	37,501
Net asset value/share, SEK	533	446	388	288	304	273	225	199	172	151
Change in net asset value, %	20	15	35	-5	11	21	13	15	14	13

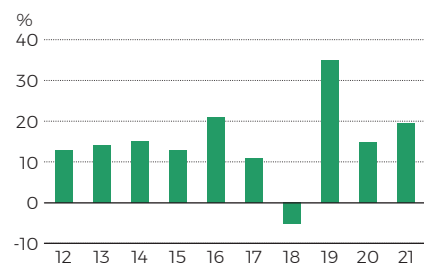
Net asset value, cash flow and financial position presented in this spread pertain to the Parent Company and wholly owned subsidiaries. Other alternative performance measures and other key figures are presented on page 20.

NET ASSET VALUE AFTER DEFERRED TAX

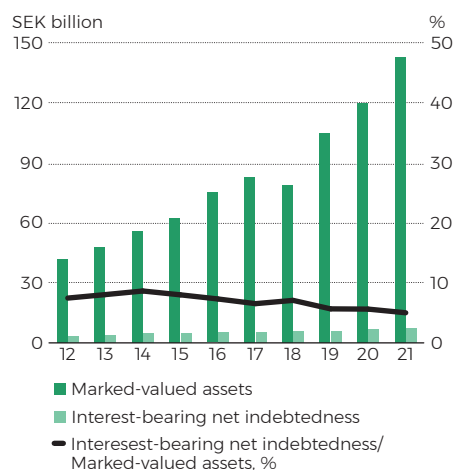
SEK per share



CHANGE IN NET ASSET VALUE



FINANCIAL POSITION



Cash flow

During 2021, dividends totaling SEK 2,415 m. (733) were received. Funds from L E Lundberg Kapitalförvaltning AB amounted to negative SEK 60 m. (neg: 153). Funds received from real estate operations totaled SEK 1,157 m. (1,024), of which divestments accounted for SEK 257 m. (148). Accordingly, total funds received amounted to SEK 3,512 m. (1,604).

During the year, SEK 2,088 m. (1,289) was invested in shares and SEK 790 m. (748) in properties. Dividends paid by Lundbergs amounted to SEK 868 m. Interest-bearing assets rose by SEK 41 m. and interest-bearing liabilities by SEK 440 m. Accordingly, interest-bearing net debt increased by SEK 399 m. to SEK 7,062 m. (6,663) at December 31, 2021.

SEK m.	2021	2020	2019	2018	2017
Dividends					
Handelsbanken	230		253	323	195
Holmen	594	193	373	359	331
Hufvudstaden	236	364	345	327	308
Husqvarna	105	98	98	98	85
Industrivärden	640		412	394	365
Indutrade	174	145	119	119	101
Sandvik	205		128	105	83
Skanska	210	69	120	166	145
Other	22	9	16	17	11
	2,415	733	1,891	1,907	1,624
L E Lundberg Kapitalförvaltning AB	-60	-153	110	-40	41
Real estate operations	900	875	794	735	705
Sales, real estate operations	257	148	41	118	237
Total assets contributed	3,512	1,604	2,836	2,719	2,607
Investments, equity management					
Handelsbanken	85	410	364	403	360
Hufvudstaden	153				
Husqvarna			15		
Industrivärden	858	583	648		425
Indutrade				147	
Sandvik	887				
Skanska	104	297		407	
	2,088	1,289	1,026	957	785
Investments, real estate operations	790	748	1,174	1,017	732
Own dividends	868	-	794	744	694
Corporate overheads	32	36	31	30	29
Taxes paid	142	81	197	136	132
Financial items	138	73	91	93	133
Others	30	-18	30	18	-7
Total assets used	4,088	2,209	3,342	2,995	2,499
Change in net debt	-575	-605	-506	-275	108
Closing net debt	-7,900	-7,325	-6,719	-6,214	-5,938
of which, interest-bearing	-7,062	-6,663	-5,906	-5,562	-5,355

The Lundberg share

Series B Lundbergs shares are listed on Nasdaq OMX Nordic, Large Cap. On average, 121,100 Series B shares were traded per trading day in 2021. Share turnover totaled 31 million Series B shares, corresponding to 20% of the total number of Series B shares. The lowest price paid for the share in 2021 was SEK 406.40 and the highest was SEK 637.80.

Market capitalization

Market capitalization at year-end was SEK 125,984 m. (109,269). The share price increased 15% 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, 2021, 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 53,900 (46,300). Of the total shareholders, some 52,200 (44,200) are registered in a nominee's name and about 1,700 (2,100) in the owner's own name. Foreign ownership accounts for 8.6% (8.7) 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 dividends, for the Lundberg share in 2021 amounted to 16.1%, while the SIXRX return index rose 39.3%. The average annual total return has been 18.8% over the past 10 years and 15.6% over the past 20 years. The corresponding performance of the SIXRX return index was 16.8% and 11.3%, respectively.

Proposed dividend

The Board of Directors proposes a dividend of SEK 3.75 per share, corresponding to SEK 930 m. The average annual dividend growth has been 6.5% over the past 10 years.

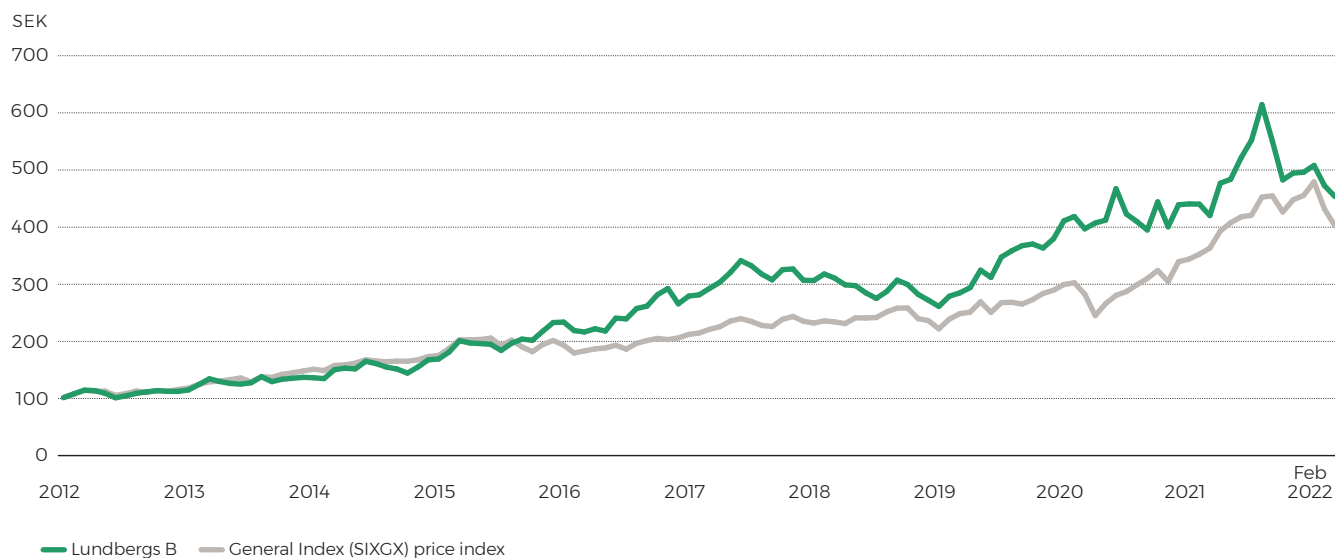
THE LARGEST SHAREHOLDERS

	Feb 2022 Holdings as % of		Feb 2021 Holdings as % of	
	share capital	voting rights	share capital	voting rights
Fredrik Lundberg including companies and spouse	40.8	70.6	42.3	71.0
Louise Lindh including family	14.8	11.4	14.0	11.2
Katarina Martinson including family	14.8	11.4	14.0	11.2
Spiltan Funds	2.6	0.6	2.0	0.4
Alecta Pension Funds	2.2	0.5	2.2	0.5
SEB Funds and Trygg Liv	1.2	0.3	1.4	0.3
Handelsbanken Funds	0.7	0.2	0.6	0.1
Skandia Funds	0.6	0.1	0.6	0.1
Försäkringsbolaget Avanza pension	0.5	0.1	0.4	0.1
Pensionskassan SHB Försäkringsförening	0.4	0.1	0.4	0.1
Other	21.6	4.8	22.1	4.9
Total	100.0	100.0	100.0	100.0
Swedish shareholders	91.4	98.1	91.3	98.1
Foreign shareholders	8.6	1.9	8.7	1.9
Total	100.0	100.0	100.0	100.0

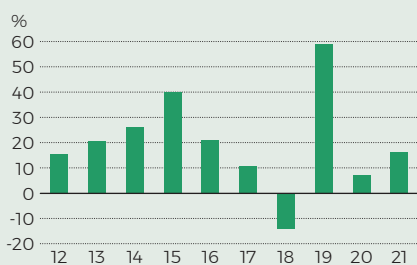
SHARE DISTRIBUTION, FEBRUARY 2022

No. of shares	No. of shareholders	As % of all shareholders
1 - 500	46,884	87.0%
501 - 2,000	4,892	9.1%
2,001 - 5,000	1,172	2.2%
5,001 - 20,000	695	1.3%
20,001 - 50,000	115	0.2%
50,001 -	141	0.3%
Total	53,899	100.0%

SHARE PRICE PERFORMANCE

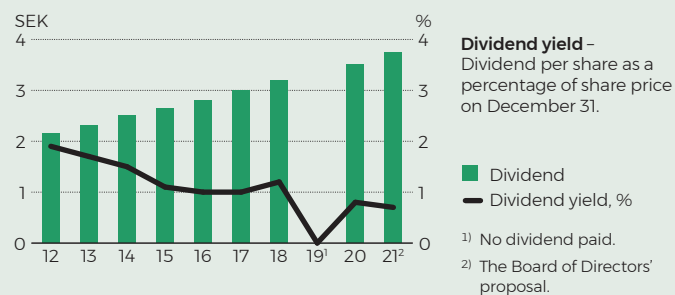


TOTAL RETURN



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

DIVIDEND AND DIVIDEND YIELD



KEY FIGURES

	2021	2020	2019 ¹	2018	2017	2016	2015	2014	2013	2012
Dividend per share, SEK	3.75 ²	3.50	0.00	3.20	3.00	2.80	2.65	2.50	2.30	2.15
Growth in dividend, %	7.1	-	-	6.7	7.1	5.7	6.0	8.7	7.0	7.5
Dividend yield, %	0.7	0.8	-	1.2	1.0	1.0	1.1	1.5	1.7	1.9
Total return, %	16.1	7.2	59.0	-13.9	10.8	20.9	40.0	25.9	20.7	15.3
Stock market price, Dec 31, SEK	508.00	440.60	411.00	261.20	306.50	279.25	233.70	169.10	136.35	114.95

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net asset value after deferred tax, SEK billion ¹	132.3	110.7	96.3	71.4	75.4	67.7	55.9	49.4	42.8	37.5
Net asset value per share after deferred tax, SEK ¹	533	446	388	288	304	273	225	199	172	151
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	402	344	327	259	252	230	194	177	160	145
Net sales etc, SEK m.	24,832	19,887	21,655	20,219	20,404	19,357	20,347	19,952	20,076	21,618
Profit after financial items, SEK m. excluding impairment losses and unrealized changes in value, SEK m.	17,134	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433	4,360
Profit after tax, SEK m. of which, non-controlling interests, SEK m.	14,924	4,108	19,535	7,483	9,467	15,457	6,652	4,900	4,514	5,568
	3,556	517	7,607	3,893	2,785	3,215	2,276	1,707	1,506	2,327
Earnings per share attributable to the Parent Company's shareholders, SEK	45.84	14.48	48.09	14.48	26.94	49.36	17.65	12.88	12.13	13.07
Dividend per share, SEK	3.75 ²	3.50	0.00	3.20	3.00	2.80	2.65	2.50	2.30	2.15
Debt/equity ratio, multiple	0.14	0.15	0.14	0.15	0.16	0.18	0.21	0.24	0.25	0.24
Equity/assets ratio, %	73	72	72	71	71	69	67	65	65	64

¹ Refer to page 16.

² The Board of Directors' proposal.

ADJUSTED PROFIT AFTER FINANCIAL ITEMS

SEK m.	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Profit after financial items	17,134	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433	4,360
Impairment losses of publicly traded shares and associated company shares								-294	-660	-295
Impairment losses			109	25		122	555	450	86	153
Changes in value of investment properties and derivatives	-4,604	2,212	-4,079	-4,446	-4,083	-5,693	-4,782	-2,047	-1,671	-775
Changes in value of biological assets	-464	-579	-9,566	-425	-415	-315	-267	-282	-264	-350
Other changes in value	-154	-46	-38	61	-26	-23	19	-39	-23	-6
Total	11,912	6,058	9,760	3,445	6,712	11,511	3,783	3,752	2,901	3,087

NET INTEREST-BEARING DEBT

SEK m.	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Long-term liabilities	17,806	17,123	13,218	10,133	8,533	8,499	10,933	10,637	10,534	8,169
Long-term liabilities, right-of-use assets	855	856	907							
Pension obligations	204	224	210	194	162	313	234	501	327	445
Current financial liabilities	3,593	3,164	5,936	6,405	6,515	7,939	5,069	5,956	5,474	7,230
Current liabilities, right-of-use assets	80	121	54							
Long-term financial receivables	-292	-313	-474	-486	-55	-51	-53	-49	-72	-46
Current financial receivables	-39	-44	-15	-36	-34	-89	-61	-23	-27	-33
Cash and cash equivalents	-2,211	-1,608	-2,628	-1,466	-880	-1,491	-818	-888	-1,000	-1,767
Total	19,995	19,522	17,208	14,743	14,240	15,120	15,303	16,134	15,238	13,998

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



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 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.

2012

Continued acquisitions of shares in Holmen, Husqvarna, Sandvik and Skanska. Lundbergs Fastigheter acquires properties for about SEK 600 m.

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 eight 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 both 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 2021 calendar year. The most recent sustainability report was published in March 2021. The Sustainability Report has been prepared based on the Global Reporting Initiative (GRI) standards and is Lundbergs' Communication of Progress, which is to be reported annually to the UN Global Compact. Also see Note 4.0, pages 87-88, 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 Hufvudstaden's and Holmen's sustainability-related risks, refer to the separate Annual Reports of these two companies.

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.

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.

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 2021.

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 decided to introduce a taxonomy containing criteria for when a business may be regarded as sustainable from a climate perspective. The aim is to make it easier for investors to identify and compare investments from a sustainability perspective.

For 2021, companies are required to report which of their operations are eligible under the taxonomy, while reporting for 2022 is also required to encompass the extent to which the operations satisfy the taxonomy's criteria.

For the Group, it is estimated that the real estate operations are affected since the acquisition and ownership of buildings (activity 7.7), renovation of existing buildings (activity 7.2) and construction of new buildings (activity 7.1) are taxonomy-eligible. In addition, forest management (activity 1.3), electricity generation from wind power (activity 4.3), electricity generation from hydropower (activity 4.5) and electricity generation from bioenergy (activity 4.8) are also adjudged to be taxonomy-eligible.

Lundbergs

Lundbergs' equity management is not eligible under the taxonomy and, within the real estate operations, properties classed as current assets (properties held for future development) have been excluded as being non-eligible under the taxonomy.

It is estimated that SEK 1,536 m. (96%) of the real estate operations' net sales are taxonomy-eligible, which consists of rental and service revenue from investment properties (see Note 4).

Investments (CapEx), SEK 746 m. (94%), which comprise value-adding measures and acquisitions of investment properties are presented in Note 18. The percentage that is not eligible under the taxonomy refers to investments in equipment and intangible assets, which are presented in Notes 15, 16 and 19.

Operating expenses (OpEx), SEK 219 m., pertain to the activities needed to uphold the properties' basic standard and function. This includes service, repairs, maintenance and property upkeep. Operating expenses concerning heat, electricity, water and waste, as well as property tax and insurance, among others, are excluded.

Hufvudstaden

Hufvudstaden's operations within NK Retail are not eligible under the taxonomy. SEK 1,884 m. (76%) of net sales are considered taxonomy-eligible, which consists of rental and service revenue as well as revenue from other operations (see Note 4).

Investments (CapEx), SEK 574 m. (91%), comprise value-adding measures and are presented in Note 18. The percentage that is non-taxonomy-eligible pertains to acquisitions of the operations of NK Retail (SEK 40 m.) and investments in equipment and intangible assets, which are presented in Notes 15, 16 and 19.

Operating expenses (OpEx), SEK 56 m., include service, repairs, maintenance and property upkeep required to uphold the properties' basic standard and function. Operating expenses concerning electricity, heat, water and waste, as well as property tax and insurance, among others, are excluded.

Holmen

Harvesting of own forest, electricity generation from hydro-electric and wind power and bioenergy are the operations within Holmen that are taxonomy-eligible.

Some of the trees harvested in Holmen's own forest are also further processed by the company which, according to the taxonomy, is classified as an integrated operation. According to the regulations of the taxonomy, revenue from such activities is non-eligible. If revenue from this activity is included in the calculation, the proportion of Holmen's revenue eligible under the taxonomy will amount to 11% but if it is not included the proportion will be 8%. The majority of Holmen's revenue derives from the production of sawn timber products, paperboard and paper. These products are not eligible under the taxonomy but contribute positively to addressing climate change by binding carbon dioxide and replacing fossil alternatives such as steel, concrete and plastic. In connection with any expansion of the scope of the EU's taxonomy, Holmen takes a positive view to having these operations included.

Total revenue refers to net sales of SEK 19,479 m. (Note 4) and SEK 1,185 m. (parts of other revenue Note 5), which comply with the taxonomy's definition.

It is estimated that 53% of Holmen's total investments, SEK 1,761 m., is taxonomy-eligible. The investments are presented in Notes 15, 16, 17 and 19.

Of the operating expenses that are defined within the taxonomy, repairs, maintenance and research and development are applicable for Holmen and amount to SEK 1,507 m. corresponding to 25%.

Group	Total (SEK m.)	Share of taxonomy	
		eligible, %	non-eligible, %
Net sales/revenues	24,747	21 / 23	79 / 77
Investments (CapEx)	3,188	71	29
Operating expenses (OpEx)	1,782	36	64
Lundbergs			
Net sales	1,594	96	4
Investments (CapEx)	790	94	5
Operating expenses (OpEx)	219	100	0
Hufvudstaden			
Net sales	2,488	76	24
Investments (CapEx)	637	90	10
Operating expenses (OpEx)	56	100	0
Holmen			
Net sales/revenues	20,664	8 / 11	92 / 89
Investments (CapEx)	1,761	53	47
Operating expenses (OpEx)	1,507	25	75

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 activities.

Investments (CapEx) Investments that are associated with one or several of the taxonomy's financial activities.

Operating expenses (OpEx) Operating expenses that are associated with one or several of the taxonomy's financial activities.

Wholly owned operations

Since L E Lundbergföretagen AB's investment organization has no manufacturing operations and only consists of around ten employees, 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	2021	2020 ¹
Scope 1	41	28
Scope 2	5,631	5,306
Scope 3	22,321	35,013
Total emissions	27,994	40,347

¹ Measurement 2020 refers predominantly to data from 2019.

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.

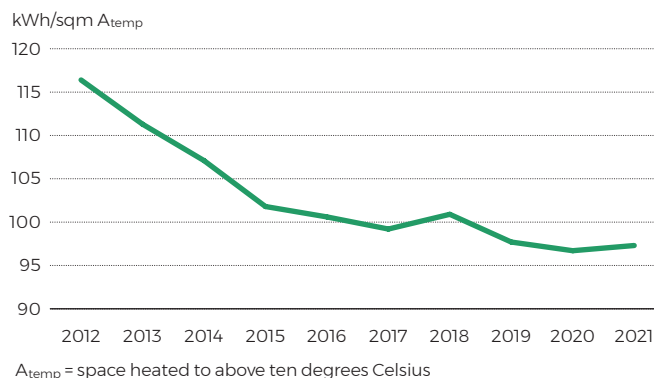
Energy use

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. During 2021, work also commenced to calculate emissions savings connected to energy projects.

Lundbergs continues to invest in solar cells on the roofs of our properties, which combines climate benefits with favorable profitability. At the end of 2021, the company had installations with a total capacity of 760 MWh, corresponding to household consumption of electricity for slightly more than 300 housing units.

ENERGY USE IN LUNDBERGS FASTIGHETER



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. During the year, projects focused exclusively on reuse were carried out to increase awareness and provide inspiration for better



Lundbergs Fastigheter is investing in solar panels. In 2021, the output from electricity generated by solar cells increased to 1.2 MW.

solutions. 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, Byggarubed-ömnningen 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 three years that Lundbergs has participated in the index. In 2021, 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 remodeled into an activity-based office.

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.



GRI index

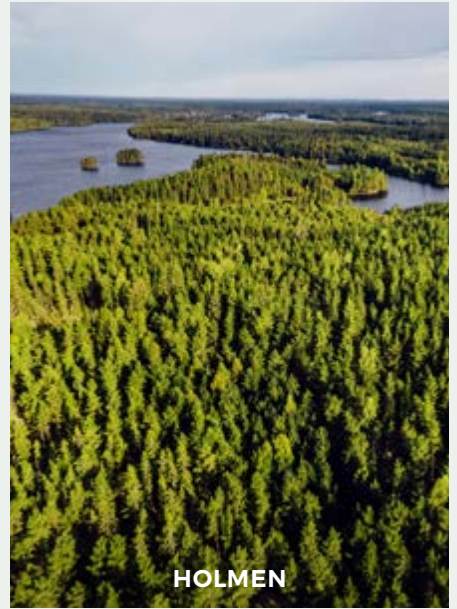
Index	Description	Page	Comments
Organizational profile			
102-1	Name of the organization	47	
102-2	Activities, brands, products and services	3	
102-3	Location of headquarters	65	
102-4	Location of operations	23, 67	Lundbergs conducts operations in Sweden.
102-5	Ownership and legal form	65	
102-6	Markets served	23	
102-7	Scale of the organization, including total number of employees, operations, net sales, and capitalization	89-94	
102-8	Information on employees and other workers	67, 87	In the wholly owned operations, all employees are employed in Sweden.
102-9	Supply chain	23, 27	
102-10	Significant changes to the organization and its supply chain		No significant changes to the organization and its supply chain have occurred since the preceding Annual Report.
102-11	Precautionary Principle or approach	24-27	
102-12	External initiatives	22-24	
102-13	Membership of associations	24	
Strategy and analysis			
102-14	Statement from senior decision-maker	6-11	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	14, 22-24	
Governance			
102-18	Governance structure	53-57	
Reporting methodology			
102-40	List of stakeholder groups	24, 26, 87	
102-41	Collective bargaining agreements		Lundbergs applies collective bargaining agreements.
102-42	Identifying and selecting stakeholders	23, 26, 87	
102-43	Approach to stakeholder engagement	23, 26, 87	
102-44	Key topics and concerns raised	23, 26, 87	
Reporting method			
102-45	Entities included in the consolidated financial statements	48	
102-46	Defining report content and topic boundaries	22-23	
102-47	List of material topics	23, 24, 26	
102-48	Restatements of information		No sustainability disclosures from the preceding year have been changed in the report.
102-49	Changes in reporting	22	No accounting policies were adjusted during the year; the financial statements comprise the Parent Company and the wholly owned subsidiaries.
102-50	Reporting period	22	
102-51	Date of most recent report	22	
102-52	Reporting cycle	22	
102-53	Contact point for questions regarding the report	104	
102-54	Claims of reporting in accordance with the GRI Standards	22	
102-55	GRI content index	29	
102-56	External assurance	99	The sustainability report has not been examined by external auditors. The auditor confirms that Lundbergs has prepared a statutory sustainability report.
SPECIFIC DISCLOSURES			
Economic			
103-1/2/3	Management approach	23, 24	
205-2	Communication and training about anticorruption policies and procedures	23	
205-3	Confirmed incidents of corruption and corrective actions taken	24	
Environmental			
103-1/2/3	Management approach	23, 24	
302-1	Energy consumption within the organization	27	
302-4	Reduction in energy consumption	27	
305-5	Reductions in energy requirements of products and services	27	
Social			
103-1/2/3	Management approach	23, 24	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		During the year, three close calls and no accidents were reported. These did not result in any serious personal injuries.
405-1	Diversity of governance bodies and employees	87	
406-1	Incidents of discrimination and corrective actions taken	24, 28, 88	



LUNDBERGS FASTIGHETER



HUFVUDSTADEN



HOLMEN



INDUSTRIVÅRDEN



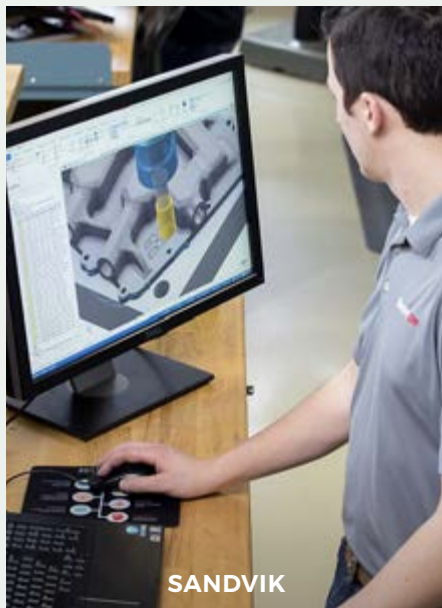
INDUTRADE



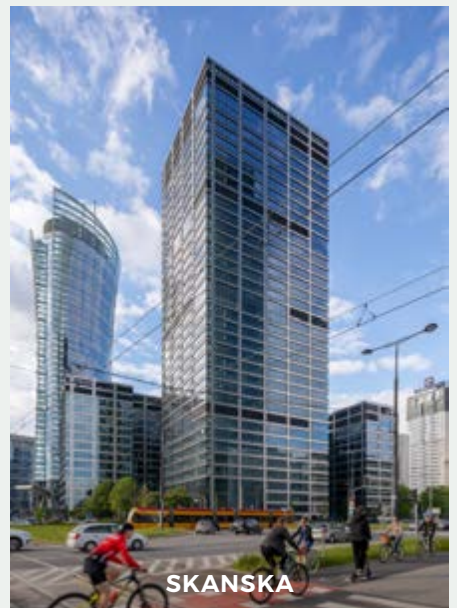
HUSQVARNA GROUP



HANDELSBANKEN



SANDVIK

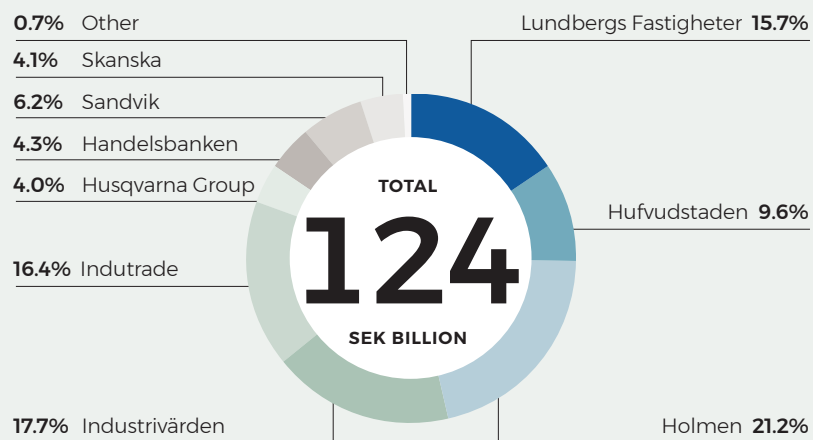


SKANSKA

Portfolio companies

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

Share of Lundbergs' holdings



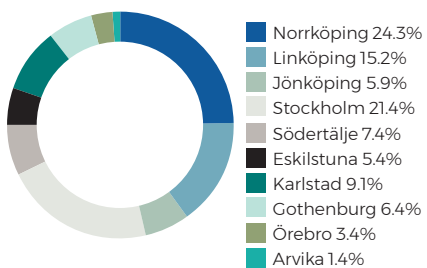
The listed holdings are measured at market value at February 22, 2022. Lundbergs Fastigheter is recognized at net asset value, refer to page 16.



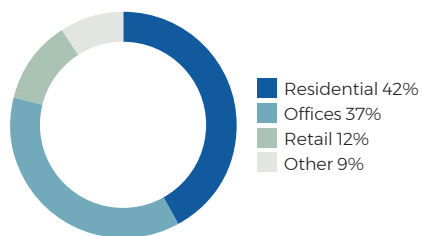
Lundbergs Fastigheter

Founded in 1944

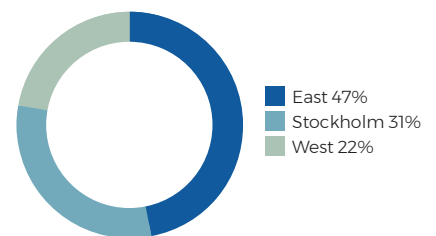
FAIR VALUE BY MARKET AREA



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. During 2021, the company continued to face new challenges due to the COVID-19 pandemic, which had a particularly severe impact on the Retail business area.

The real estate portfolio, which the company has largely built up itself, consists of about one million square meters of leasable area across 129 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 27.9 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 26.

Organization

The number of employees within Lundbergs Fastigheter amounted at the end of 2021 to 178 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. Employee-ship 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 respec-

tive 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, the Chief Accountant, the Head of Property Development 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

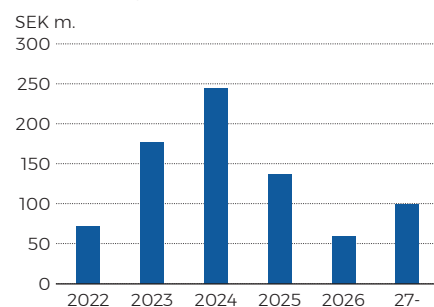
Lundbergs Fastigheter develops and offers residential units that facilitate simple and secure living. The company owns almost 7,000 high-quality rental apartments in attractive locations with property management occurring close to the tenants. Lundbergs Fastigheter places considerable focus on being 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 2021 AktivBo survey, which measures the level of satisfaction of our residential tenants and compares this with other property companies, were the best ever and resulted in us being awarded with two Customer Crystals – Highest Profile and Highest Service index in the 4,000-10,999 residential units category.

SHARE OF LUNDBERGS' HOLDINGS

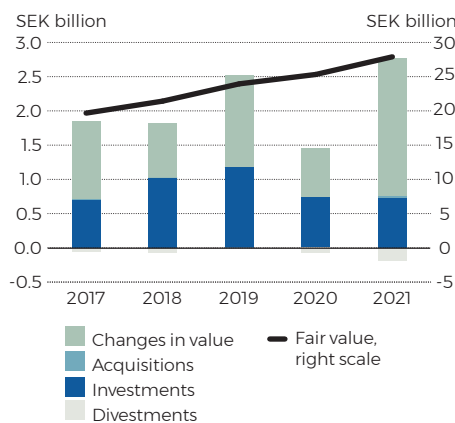
15.7%

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

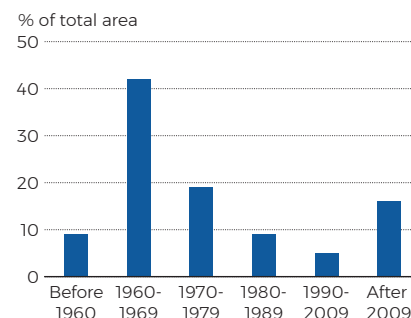
MATURITY STRUCTURE OF RENTAL CONTRACTS, COMMERCIAL PREMISES



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. In recent years, Lundbergs Fastigheter has invested heavily in new construction; in total, the company built 1,300 new rental apartments between 2014 and 2021. During 2021, 40 new rental apartments were completed in Linköping. The building, called Stångebro Strand, is located centrally along the Stångån canal and is adjacent to Lundbergs Fastigheter's new office property – LINK Business Center. The rental rate for residential units is highly favorable.

Offices

Lundbergs Fastigheter develops and offers offices that help companies and employees to achieve their goals. The company owns and manages approximately 220,000 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 third place in the large-cap category in 2021.

The new office building, LINK Business Center, in Linköping was inaugurated in December 2021.

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. Flexibility and availability are factors that are becoming increasingly important. Similarly, the need for a physical location for meetings, creativity and work environment are highlighted in an even clearer manner. Demand for short-term agreements and flexibility is increasing.



Demand for both newly constructed and existing office premises has slowed somewhat. However, the trend is still good, especially in Stockholm, Gothenburg and Linköping, but other cities also have a positive rental development.

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 90,000 sqm.

The company has retail premises in all of its market areas, with emphasis in Norrköping, Linköping and Jönköping. The COVID-19 pandemic severely impacted both stores and restaurants, and accelerated the structural transformation that had already started in the retail sector. Lundbergs Fastigheter has managed the situation in close cooperation with the tenants and has taken considerable responsibility for creating conditions that enable stores and restaurants to stay open in an as contagion-free and safe manner as possible. Despite the challenges, a number of new restaurant concepts in Norrköping and Linköping were opened during the year. In addition, the shopping malls in these two towns have been guested by a number of pop-up concepts.

Societal development is occurring at a rapid pace, not least in city centers, where the rate of progress and renewal is fast. Digitalization and increasingly mature online shopping are driving the development, which has led to a shift in consumption and changed customer behavior.

Lundbergs Fastigheter has a great focus on business development and new business models, to be able to offer a customer journey that will also attract the end consumers of tomorrow, work that is being conducted in cooperation with tenants, business partners and other players. Lundbergs Fastigheter assumes an active position and responsibility for being involved in the development of the attractive city centers of the future, featuring retail premises and meeting places where people flourish and want to spend time.

Value-creating property development

Property valuation

The fair value of the investment properties at December 31, 2021 was estimated at SEK 27,899 m. (25,321). The unrealized change in value, excluding completed investments and acquisitions, was SEK 2,017 m. during the year, corresponding to 8.0%. The average value per square meter of rentable space was SEK 32,349 (28,544) and the average yield was 3.7% (4.0).

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. In March 2021, three properties in Gothenburg – Gårda 8:2, 8:5 and 8:6 – were divested.

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 2021 Lundbergs Fastigheter invested SEK 476 m. (329) in investment properties and SEK 269 m. (404) in 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. The LINK Business Center in Linköping – the new meeting place for the business community in the region – was opened on December 1, 2021. The new office building is designed by Gert Wingårdh and is located along the Stångån canal in the central areas of the town. The approximately 13,000 sqm property comprises offices, an inviting lobby for meetings and socializing, a 100-seat auditorium with cinema seating and a new addition to the town's offering of restaurants. LINK Business Center was essentially fully leased as early as a year before its completion. Tenant-specific modification of office premises will continue during the first half of 2022.

Lundbergs Fastigheter has adopted a long-term plan for implementing renovation, refurbishment and extension (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 232 m. in 2021. ROT projects are planned for Södertälje, Eskilstuna and Norrköping in 2022. Estimated investment is approximately SEK 270 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 569 m. (416). A zoning plan for about 600 residential units in Storskogen, Enköping, gained legal force during the year. Planning work has continued for some 100 residential units in Lillån, Örebro. Development work was also conducted in Hammarö and Norrköping (Björkalund). Developable land for apartment blocks and single-family dwellings was sold for a total of SEK 58 m., with a result of SEK 36 m.

Sales and earnings

Net sales totaled SEK 1,594 m. (1,570). Rental revenues rose SEK 52 m. to SEK 1,536 m. (1,484). For comparable properties, rental revenues rose 2.5%. The vacancy rate totaled 3.5% (3.6) during the year, of which residential units accounted for 2.0% (3.2) and commercial premises for 4.4% (3.8).

Operating costs, excluding property tax, amounted to SEK 244 m. (222). Property tax amounted to SEK 80 m. (79). Maintenance costs totaled SEK 174 m. (177). Operating profit before changes in value amounted to SEK 931 m. (902). Operating profit including changes in value was SEK 2,966 m. (1,634).

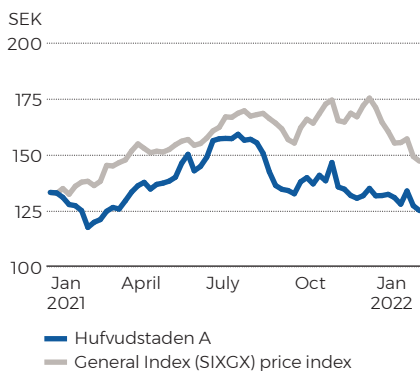
KEY FIGURES 2021	Stockholm Region	West Region	East Region	Total
Number of properties	28	44	57	129
Fair value, SEK m.	9,549	5,680	12,670	27,899
Number of apartments	2,166	1,965	2,842	6,973
Residential, sqm	163,009	137,260	200,245	500,514
Residential, rent per sqm, SEK	1,239	1,269	1,456	1,334
Residential, rental value, SEK m.	202	174	291	668
Residential, rent-based vacancy rate, %	0.9	1.5	3.1	2.0
Office and retail, sqm	57,240	80,838	173,350	311,428
Other commercial premises, sqm	39,865	28,833	113,072	181,770
Office/retail, rent per sqm, SEK	4,337	1,888	2,173	2,497
Other commercial premises, rent per sqm, SEK	1,103	708	740	815
Office/retail, rental value, SEK m.	248	153	377	778
Other commercial premises, rental value, SEK m.	44	20	84	148
Office/retail, rent-based vacancy rate, %	2.2	2.3	6.6	4.4
Commercial premises, number of rental contracts	263	247	752	1,262



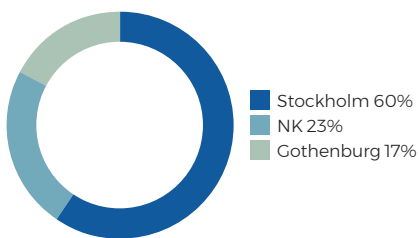
Hufvudstaden

Holding since 1998

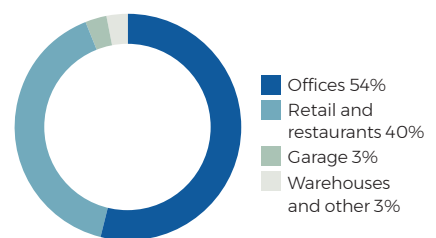
THE HUVUDSTADEN SHARE



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 386,500 sqm, with an annual rental value of SEK 2.1 billion. The real estate portfolio was market valued at SEK 48.8 billion at the end of 2021.

Business areas

The operation is divided into three business areas. *The Stockholm business area* consists of 22 properties with total rentable space of 206,300 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 NK business area* consists of three properties with total rentable space of 91,600 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. In early 2021, the NK operations of Departments & Stores Europé AB, which operate approximately 40 fashion, cosmetics and jewellery departments at the NK Stockholm and NK Gothenburg department stores, were also acquired. *The Gothenburg business area* has four properties with total rentable space of 88,600 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 in collaboration 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

9.6%

Chair Fredrik Lundberg

CEO Anders Nygren

Board members associated with Lundbergs
Claes Boustedt, Louise Lindh, Sten Peterson

LUNDBERGS' HOLDINGS

FEB 22, 2022

Number of Series A shares	86,414,000
Number of Series C shares	8,177,680

KEY FINANCIAL DATA

	2021	2020
Net sales ¹ , SEK m.	2,488	1,796
Operating profit before items affecting comparability and value changes, SEK m.	1,286	1,193
Profit after net financial items, SEK m.	3,726	-1,833
Earnings per share, SEK	14.61	-7.13
Debt/equity ratio, multiple	0.3	0.3
Net asset value/share (EPRA NTA), SEK	188	173
Dividend per share, SEK	2.60 ²	2.50
Share price, Series A, Dec 31, SEK	135.20	136.20

¹ Including other segments.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS¹

DEC 31, 2021	share capital, %	voting rights, %
Lundbergs	46.8	88.5
Blackrock	2.1	0.4
Vanguard	2.1	0.4
Gustaf Douglas	1.5	0.3
Spiltan Funds	1.3	0.3

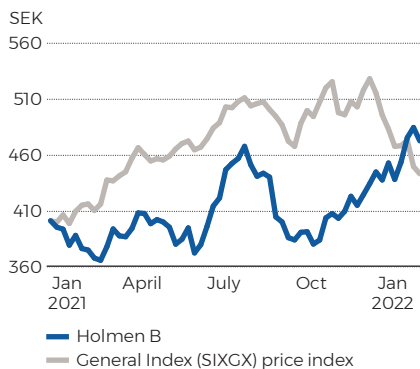
¹ The proportion of share capital and voting rights is calculated after a deduction for treasury shares.



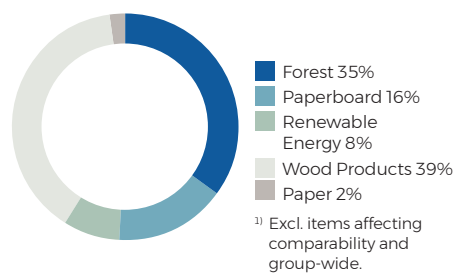
Holmen

Holding since 1988

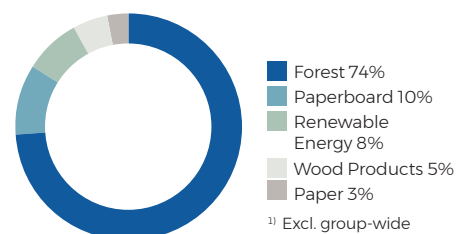
THE HOLMEN SHARE



OPERATING PROFIT BY BUSINESS AREA¹⁾



CAPITAL EMPLOYED BY BUSINESS AREA¹⁾



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 and reducing the need of fossil raw materials. 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 and Incada brands. Paperboard operations will grow on the basis of the position as market leader in the premium consumer packaging segment, in which high quality and customized customer solutions are combined with large-scale production and efficient service.

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

Wood products supplies sawn and processed wood products for the carpentry, construction industry and construction trade at five sawmills located close to own forests. Following the acquisition of Martinsons in 2020, Holmen can also offer 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. Normal-year power generation totals 1.2 TWh which, together with the electricity produced at the mills, accounts for some 40% 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%.

The financial position is to be strong in order to have freedom of action to make long-term business decisions. 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

21.2%

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

LUNDBERGS' HOLDINGS FEB 22, 2022

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

KEY FINANCIAL DATA

	2021	2020
Net sales, SEK m.	19,479	16,327
Operating profit excl. items affecting comparability, SEK m.	4,061	2,479
Earnings per share, SEK	18.5	12.2
Debt/equity ratio, multiple	0.09	0.10
Average number of employees	3,474	2,974
Dividend per share, SEK	11.50 ¹	10.75 ²
Share price, Series B, Dec 31, SEK	434.70	393.60

¹ The Board of Directors' proposal, of which extra dividend of SEK 4.00.

² Of which extra dividend of SEK 3.50.

LARGEST SHAREHOLDERS¹

DEC 31, 2021	share capital, %	voting rights, %
Lundbergs	34.1	62.3
Kempe Foundations	7.4	17.5
Carnegie Funds	5.1	1.4
SEB Funds	4.1	1.2
Norges Bank	3.1	0.9

¹ The proportion of share capital and voting rights is calculated after a deduction for treasury shares.



Industrivärden

Holding since 2002

Industrivärden is a publicly traded investment company that contributes, through active ownership, to the long-term development and value creation of the holdings. The operations are based on a concentrated portfolio of listed Swedish companies with strong market positions and favorable value potential. By contributing to the portfolio companies' operational and strategic development, Industrivärden generates long-term shareholder value at a balanced risk. The long-term objective is to increase net asset value with the aim of generating a total return to Industrivärden's shareholders that exceeds the Stockholm Exchange's total return index (SIXRX) over time.

Industrivärden's portfolio is primarily exposed to the 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 at a balanced risk.

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.

SHARE OF LUNDBERGS' HOLDINGS

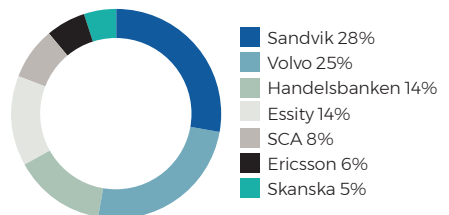
17.7%

Chair Fredrik Lundberg
CEO Helena Stjernholm
Board member associated with Lundbergs
 Lars Pettersson

LUNDBERGS' HOLDINGS FEB 22, 2022

Number of Series A shares	68,000,000
Number of Series B shares	13,000,000

COMPOSITION OF STOCK PORTFOLIO, TOTAL SEK 150 BILLION, DEC 31, 2021



KEY FINANCIAL DATA

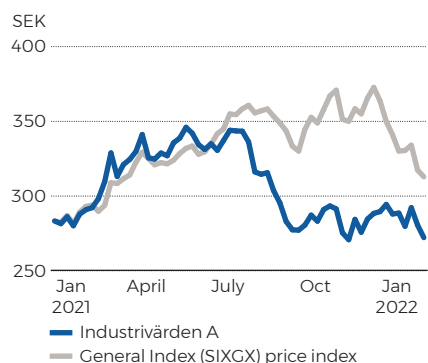
	2021	2020
Profit after tax, SEK m.	26,594	8,440
Net asset value, SEK billion	143.5	121.2
Net asset value per share, SEK	332	279
Debt/equity ratio, multiple	0.04	0.06
Dividend per share, SEK	6.75 ¹	8.25 ²
Share price, Series A, Dec 31, SEK	288.40	274.20

¹ The Board of Directors' proposal.
² Of which extra dividend of SEK 2.00.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital, %	voting rights, %
Lundbergs	18.8	24.9
Jan Wallanders & Tom Hedelius Foundation	6.4	10.0
Spiltan Funds	4.9	1.2
Vanguard	2.8	2.7
Lundberg, Fredrik (incl. wholly owned companies)	2.8	2.3

THE INDUSTRIVÄRDEN SHARE



SHARE OF LUNDBERGS' HOLDINGS

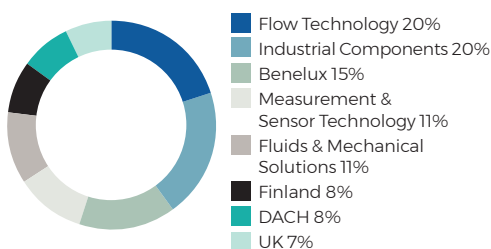
16.4%

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

LUNDBERGS' HOLDINGS
FEB 22, 2022

Number of shares	96,840,000
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NET SALES BY BUSINESS AREA



KEY FINANCIAL DATA

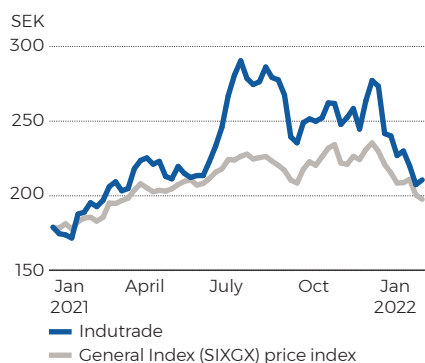
	2021	2020
Net sales, SEK m.	21,715	19,217
Operating profit, SEK m.	2,825	2,266
Earnings per share, SEK	5.76	4.60
Debt/equity ratio, multiple	0.53	0.56
Average number of employees	7,715	7,349
Dividend per share, SEK	2.30 ¹⁾	1.80
Share price, Dec 31, SEK	277.20	176.20

¹⁾ The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital and voting rights, %
Lundbergs	26.6
AMF Insurance and Funds	8.5
Fidelity	7.6
Alecta Pension Insurance	4.3
SEB Funds	3.3

THE INDUTRADE SHARE



Indutrade

Holding since 2005

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

The group comprises over 200 subsidiaries in more than 30 countries, mainly in Europe. 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. Indutrade has long-standing experience of company acquisitions. Through its strong history of acquisitions, Indutrade has the size and the favorable reputation, experience and prerequisites needed to implement value-creating acquisitions. During 2021, 17 new companies with combined annual sales of SEK 1.6 billion were consolidated.

Organization

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

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. Its sustainability strategy is based on three focus areas: employees, environment and profitable growth. Goals for 2030 have been established for each particular area, whereby measurable KPIs are followed up and evaluated annually.

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 12% 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.



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 & Gardens*, *Husqvarna Construction* and *Gardena*. The group has a broad global distribution network, a competitive product range and high technological expertise. The delivery chain is characterized by high flexibility, thus enabling the group to manage seasonal variations and fluctuations in demand. The focus is on premium products and solutions under strong brands. In addition to its core brands Husqvarna and Gardena, the group has a number of regional brands. The group's products and solutions are sold primarily through specialized retail stores to consumers and professionals. More than 25,000 resellers in 140 countries represent the Husqvarna

and Gardena trademarks. The group has exposure to rapidly growing segments such as battery products, robotic lawnmowers, digitization and other solutions for garden automation.

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 re-designing for a resource-smart customer experience and inspiring actions that make a lasting difference. One of the targets is to reduce carbon emissions by 35% throughout the value chain by 2025.

Financial objectives

The group's objective is that sales will grow organically by 5 percentage points 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 robot lawnmowers and increase the share of electrified products from 38 to 67% within five years from 2021.

SHARE OF LUNDBERGS' HOLDINGS

4.0%

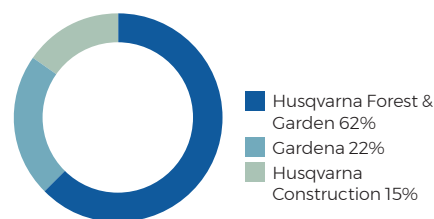
Chair Tom Johnstone
CEO Henric Andersson
Board members associated with Lundbergs
 Katarina Martinson, Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 22, 2022

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

NET SALES BY DIVISION



KEY FINANCIAL DATA

	2021	2020
Net sales, SEK m.	47,059	41,943
Adjusted operating profit, SEK m. ¹	5,684	4,484
Earnings per share, SEK	7.73	4.35
Debt/equity ratio, multiple	0.44	0.38
Average number of employees	13,873	12,374
Dividend per share, SEK	3.00 ²	2.40
Share price, Series A, Dec 31, SEK	144.20	107.00

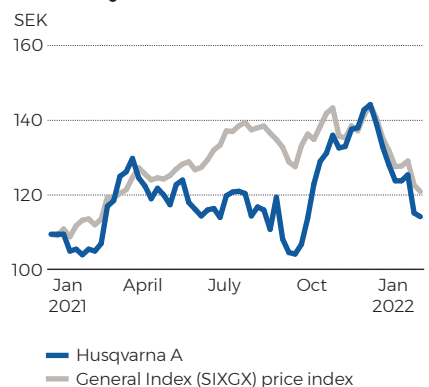
¹ Excluding items affecting comparability of SEK 62 m. for 2021 and negative SEK 815 m. for 2020.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital, %	voting rights, %
Investor	16.8	33.2
Lundbergs	7.6	25.3
Swedbank Robur Funds	4.4	1.6
Blackrock	2.7	1.0
Handelsbanken Funds	2.4	0.9

THE HUSQVARNA SHARE



SHARE OF LUNDBERGS' HOLDINGS

4.3%

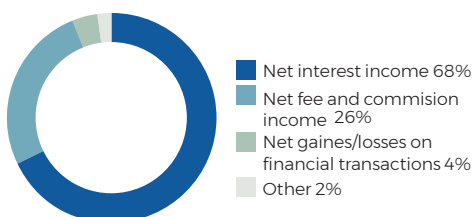
Chair Pär Boman
CEO Carina Åkerström
Board member associated with Lundbergs
 Fredrik Lundberg

LUNDBERGS' HOLDINGS

FEB 22, 2022

Number of shares	57,000,000
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INCOME BY TYPE OF REVENUE



KEY FINANCIAL DATA

	2021	2020
Total income, SEK m.	43,347	40,368
Operating profit, SEK m.	23,475	18,797
Return on shareholders' equity, %	11.8	10.0
C/I ratio, %	45.8	51.8
Earnings per share, SEK	9.86	7.87
Common equity tier 1 ratio, %	19.4	20.3
Average number of employees	11,039	11,354
Dividend per share, SEK	5.00 ¹⁾	8.42 ²⁾
Share price, Series A, Dec 31, SEK	97.86	82.60

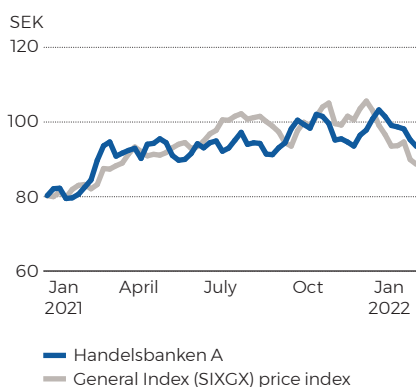
¹⁾ The Board of Directors' proposal.

²⁾ Of which, an extra dividend in the form of shares in Industrivärden at a total value SEK 4.32 per share.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital, %	voting rights, %
Industrivärden	11.0	11.2
Oktogonen Foundation	10.0	10.2
Lundbergs	2.8	2.9
Blackrock	2.6	2.6
Vanguard	2.4	2.4

THE HANDELSBANKEN SHARE



Handelsbanken

Holding since 2005

Handelsbanken offers a variety of financial services. The bank was formed in 1871 and it is currently one of the world's strongest. Handelsbanken builds long-term customer relations on the basis of a decentralized work method, strong local presence, stable finances and high sustainability ambitions.

Handelsbanken's organization is strictly decentralized and its operations are always focused on customer requirements. The basic idea is that the collective responsibility for each client should be concentrated to the local branch so that all business decisions on individual customer relationships with the bank can be made locally, close to the customer. Business decisions are decentralized, while the bank's credit policy applies throughout the group. The assessment of credit risk always proceeds on the basis of the customer's repayment capacity.

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

principal control instruments are its deeply rooted corporate culture and an effective follow-up system. For a long time, Handelsbanken has been operating with a low loan-loss ratio, high customer satisfaction and strong profitability in comparison with its competitors.

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. During 2021, Handelsbanken undertook to allow the Science Based Targets initiative to validate the bank's climate goals.

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.



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 is divided into four business areas and just over 20 divisions. The divisions have complete profit responsibility, which creates a more entrepreneurial environment. Sandvik's dominating customer segments are Mining, Engineering, Automotive, Energy, Infrastructure and Aerospace.

Sandvik Mining and Rock Solutions is a global leading supplier in equipment and tools, spare parts, digital services and service for the mining and infrastructure industries. *Sandvik Rock Processing Solutions* is a leading supplier of equipment, tools, parts, service and solutions for crushing, screening, breaking and demolition in the mining and infrastructure industries. *Sandvik Manufacturing and Machining Solutions* manufactures tools and tool systems for metal cutting for the global engineering

industry. The business area also offers digital solutions for optimizing its customers' productivity and disruptive technologies, such as additive manufacturing and industrial metrology. *Sandvik Materials Technology* is a world-leading manufacturer of advanced stainless steel and special alloys for the most demanding industrial applications. The offering includes tube, pipe, bar and strip steel as well as products for industrial heating.

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 (SBTi), consistent with the Paris Agreement.

Financial objectives

Sandvik's long-term financial objective is to achieve growth of at least 5% over a business cycle. The adjusted operating margin should be at least 16% on a rolling 12-month basis. The net debt/equity ratio should be lower than 0.5 and the dividend should amount to 50% of earnings per share over a business cycle.

SHARE OF LUNDBERGS' HOLDINGS

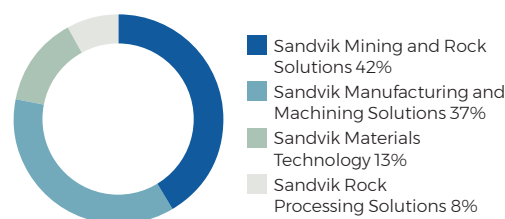
6.2%

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

LUNDBERGS' HOLDINGS FEB 22, 2022

Number of shares	34,000,000
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SALES BY BUSINESS AREA



KEY FINANCIAL DATA

Remaining operations	2021	2020
Revenues, SEK m.	99,105	86,404
Adjusted operating profit, SEK m. ¹	18,116	14,563
Adjusted earnings per share, SEK	11.24	8.64
Net debt/equity ratio, multiple	0.35	0.04
Number of employees	44,133	37,125
Dividend per share, SEK	4.75 ²	6.50 ³
Share price, Dec 31, SEK	252.60	201.30

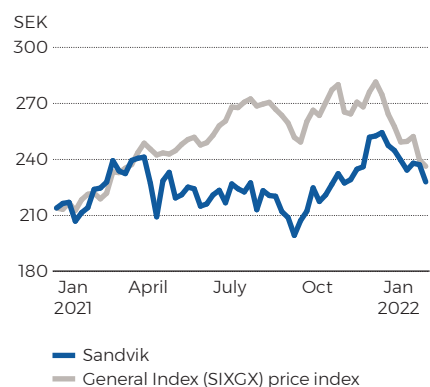
¹ Adjusted for items affecting comparability of SEK 0.5 billion for 2021 and a negative SEK 3.3 billion for 2020.

² The Board of Directors' proposal.
³ Of which extra dividend of SEK 2.00.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital and voting rights, %
Industrivärden	13.4
Alecta Pension Insurance	4.5
Blackrock	3.4
Swedbank Robur Funds	3.2
Vanguard	2.8
Lundbergs	2.7

THE SANDVIK SHARE



SHARE OF LUNDBERGS' HOLDINGS

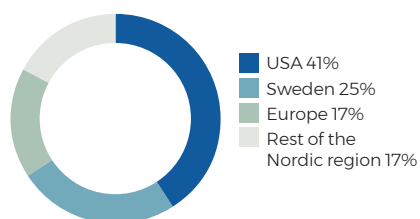
4.1%

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

LUNDBERGS' HOLDINGS
 FEB 22, 2022

Number of Series A shares	6,032,000
Number of Series B shares	16,050,000

REVENUES BY MARKET, CONSTRUCTION



KEY FINANCIAL DATA

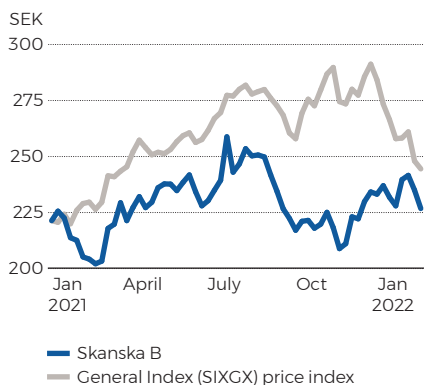
	2021	2020
Revenues, SEK m.	147,576	158,606
Operating profit, SEK m.	9,832	11,860
Earnings per share, SEK	19.80	22.46
Net debt/equity ratio, multiple	-0.28	-0.19
Average number of employees	30,051	32,463
Dividend per share, SEK	10.00 ¹	9.50 ²
Share price, Series B, Dec 31, SEK	234.20	209.70

¹ The Board of Directors' proposal, of which extra dividend of SEK 3.00.
² Of which extra dividend of SEK 3.00.

LARGEST SHAREHOLDERS

DEC 31, 2021	share capital, %	voting rights, %
Industrivärden	7.4	24.3
AMF Insurance and Funds	5.7	4.0
Lundbergs	5.3	12.8
Blackrock	2.8	2.0
Handelsbanken Funds	2.7	1.9

THE SKANSKA SHARE



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 North America. 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 will launch a new business area, *Investment Properties*, which will establish a long-term property portfolio 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 will act forcefully in the transition to a fossil-free society. They will 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.

2021

2020

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 2021 for the Group and the Parent Company.

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The statutory sustainability report in accordance with the Annual Accounts Act is presented on pages 22-29 and in Note 40 on pages 87-88.

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, Hufvudstaden and Holmen) 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 Note 40.

Sales and earnings

Consolidated net sales amounted to SEK 24,832 m. (19,887).

Operating profit amounted to SEK 17,444 m. (4,735), of which profit from participations in associated companies and joint ventures accounted for SEK 5,814 m. (2,246). Unrealized value changes and impairment losses impacted profit by SEK 5,222 m. (neg: 1,587).

Net financial items amounted to an expense of SEK 310 m. (expense: 264).

Profit after financial items totaled SEK 17,134 m. (4,471). Profit after tax was SEK 14,924 m. (4,108). Earnings per share attributable to the Parent Company's shareholders was SEK 45.84 (14.48).

Rental discounts associated with the COVID-19 pandemic are lower than last year. Earnings in 2020 were also impacted negatively by a decline in the value of properties in Hufvudstaden.

Tax

The Group's tax cost amounted to SEK 2,211 m. (363).

Investments

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

Shareholders' equity

The Group's shareholders' equity increased by SEK 18,441 m. The change primarily comprised profit for the year of SEK 14,924 m., other comprehensive income of SEK 5,943 m. and dividends paid amounting to an expense of SEK 2,285 m.

The Group's shareholders' equity amounted to SEK 147,165 m. (128,723), of which non-controlling interests accounted for SEK 47,584 m. (43,471).

Financing

Interest-bearing net debt increased by SEK 472 m. to SEK 19,995 m. (19,522). Interest-bearing liabilities amounted to SEK 22,538 m. (21,488) and interest-bearing assets to SEK 2,543 m. (1,966). The equity/assets ratio was 73% (72). The debt/equity ratio was 0.14 (0.15).

Information about risks and uncertainties

The manner in which financial risks are managed is determined by the board of directors of Lundbergs, Hufvudstaden and Holmen, respectively. Risk management is conducted in accordance with the finance policy adopted by the boards of the respective compa-

nies, with the shared aim of achieving a low level of risk. In all three companies, risk management is centralized in a special department. For a more detailed account of the management of financial risks, refer to Note 37 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 36 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 2,865 m. (1,720) and operating profit was SEK 9,882 m. (3,994).

Real Estate Operations

Net sales totaled SEK 1,594 m. (1,570) and operating profit was SEK 2,966 m. (1,634).

The increase in operating profit was primarily due to unrealized changes in the value of investment properties, which amounted to SEK 2,017 m. (721). The total vacancy rate was 3.5% (3.6).

Investments in investment properties amounted to SEK 446 m. (329), in property projects to SEK 269 m. (404) and in equipment to SEK 4 m. (3). In addition, land was acquired for SEK 30 m. (-).

An internal valuation was conducted of the real estate portfolio at December 31, 2021, 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 25 properties, corresponding to 33% of the internally estimated market value. The fair value is estimated at SEK 27,899 m. (25,321). The valuation method and assumptions are described in Note 18 on page 74.

Development properties are recognized in the balance sheet in an amount of SEK 142 m. (115), constituting the lower of the acquisition value and net realizable value. Development properties were sold for SEK 58 m. (60).

Equity management

Net sales totaled SEK 1,270 m. (150) and operating profit was SEK 6,916 m. (2,361), which is mainly explained by significantly higher results from participations in associated companies.

Operating profit includes profit from shares in associated companies amounting to SEK 5,814 m. (2,251), of which Husqvarna accounted for SEK 335 m. (188), Indutrade for SEK 557 m. (445) and Industrivärden for SEK 4,921 m. (1,618).

During the year, the Parent Company invested a total of SEK 2,088 m. (1,289) in publicly traded shares. The investment comprised 1,000,000 Series A shares in Handelsbanken for SEK 85 m., 1,214,000 Series A shares in Hufvudstaden for SEK 153 m., 38,462 Series A shares in Industrivärden for SEK 11 m., 3,000,000 Series C shares in Industrivärden for SEK 847 m., 4,000,000 shares in Sandvik for SEK 887 m. and 500,000 Series B shares in Skanska for SEK 104 m. In addition 861,538 series A shares in Industrivärden, corresponding to a value of SEK 240 m., were received in the form of a dividend from Handelsbanken. Net investments in shares amounted to SEK 2,075 m. (1,412).

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.

The COVID-19 pandemic impacted both stores and restaurants, and added to the ongoing structural transformation in the retail sector; operations in 2022 will probably also be impacted. However, it is difficult to predict whether the COVID-19 pandemic will have longer term consequences.

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 in 2021 that require permits or notification in accordance with the Environmentally Hazardous Activities and Health Protection Ordinance (1998:899).

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, we must also be good at creating the prerequisites necessary for supporting the stores' requirements.

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 2021 annual report.

Sales and earnings

Net sales totaled SEK 2,488 m. (1,840). The operating result was SEK 3,865 m. (neg: 1,702), whereby the increase was mainly attributable to positive unrealized changes in value of properties that include a significant proportion of stores and restaurants. The result before unrealized value changes increased by SEK 58 m.

COVID-19-related rent discounts during the year amounted to about SEK 60 m., after government compensation. It is estimated

that profit from operating activities will also be impacted in forthcoming quarters. The total year-end vacancy rate was 7.3% (8.2).

Investment properties

During the year, SEK 574 m. (886) was invested in existing properties and SEK 55 m. (60) in other fixed assets, including the acquisition of operations.

An internal valuation was conducted of the real estate portfolio at December 31, 2021, 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 the values arrived at, external valuations were commissioned from three independent valuation firms. The external valuations conducted at year-end comprised 10 properties, corresponding to 47% of the internally estimated market value.

The fair value is estimated at SEK 48,790 m. (45,637). The valuation method and assumptions are described in Note 18 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. Our customer offering will remain relevant and attractive going forward. The company's well-established business concept stands firm, but we 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, our office offering was broadened to include Cecil Coworking. We now offer 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 our 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, will begin in 2022. Hufvudstaden will contribute to reducing the climate footprint of people and our sustainability work has ambitious goals that shape our entire operation. While the pandemic has in all likelihood accelerated social changes, we are convinced that people still want and need to meet in the future, both professionally and socially. Therefore, the assessment is that offices, stores and restaurants in centrally located properties in the two largest cities in Sweden will remain attractive, and we are convinced that our business model will be the foundation of favorable profit growth over time.

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 2021 annual report.

Sales and earnings

Net sales amounted to SEK 19,479 m. (16,327).

Operating profit amounted to SEK 3,731 m. (2,479).

Profit was positively affected by higher prices for wood products and the expansion of the wood products business. Operating profit for 2021 includes SEK 330 m. in items affecting comparability, relating to a damaged turbine at the paperboard mill in Workington.

Investments

Investments totaled SEK 1,775 m. (2,006).

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.

In 2021, Holmen worked continuously on actions to minimize the effects of the COVID-19-outbreak, with the health and safety of the group's employees in focus.

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's sickness absence was 4.1% (4.3). Holmen pursues an objective of maintaining low sickness absence and a zero vision for worksite 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.

At year-end 2021, Holmen conducted 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 2021, all operations at Holmen's production facilities were ISO 45001 certified, apart from the Byggsiljum and Kroksjön sawmills, which were acquired in 2020. All of Holmen's facilities

at which wood raw material is used have chain-of-custody certification.

Outlook

The continued economic recovery following the pandemic is expected to drive demand for pulpwood. Demand for timber is expected to remain high, assuming continued favorable demand and uncertain access to raw materials from Central Europe, due to the long-term impact of storms and insect attacks.

The paperboard market developed positively during the pandemic and is expected to continue to grow. Holmen continues to develop its business towards the customer segments where quality requirements are the highest. The shortage of input materials that impacted the market balance for paper in 2021 seems to have continued into the early part of 2022. With local wood raw materials and fossil-free electricity, Holmen has favorable competitiveness and continues to develop its business within segments where virgin fiber is ideally suited.

The recent years' initiatives in sawn timber products will continue with investments in increased capacity and processing in order to develop the wood products business and generate value from the company's own forest holdings. The market for sawn timber products also seems favorable, particularly if other building materials have to account for their real climate cost. With increased electrification of both transport and industries, the need for renewable electricity will rise. The Blåbergsliden Wind Farm will start to operate at full capacity during the first quarter of 2022, which will increase Holmen's annual wind power and hydropower generation by 30%.

Parent Company

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

Net profit for the year amounted to SEK 2,544 m. (1,267). Profit includes dividends of SEK 2,833 m. (1,224).

Net investments in publicly traded shares amounted to SEK 2,088 m. (1,289).

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 President, and for variable cash remuneration to other executives, the President 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 15, 2021 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 2022 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 Note 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 2022, the company had 53,899 shareholders. The ten largest owners had total holdings corresponding to 78.4% of the share capital. Foreign investors owned about 8.6% 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 2021 AGM was held on April 15, 2021 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 3.50 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, a new auditor was elected and all of the members of the Board were re-elected for a term until the end of the next AGM.

The AGM also resolved on certain amendments to the Articles of Association with the aim of enabling the Board of Directors to make it possible for the shareholders to exercise their voting rights in advance (postal voting) ahead of coming shareholder meetings.

Finally, the AGM resolved to adopt the remuneration report for 2020 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 2021 AGM, consists of nine 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 Elanders and Lifco. Lilian Fossum Biner is a Board member of Carlsberg and Scania, and was previously Executive Vice President and CFO of Axel Johnson and CFO of Spendrups Bryggeri. 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, among other positions, 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 was 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 100.

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 2021 AGM resolved in accordance with the proposal of the major shareholders, meaning that nine Board members were elected, including three women and six men. Accordingly, gender distribution on the Board is relatively good, with women accounting for 33.3%.

A corresponding assessment and application were carried out when preparing the proposals for the 2022 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 eight Board members are to be appointed, including two women and six men, corresponding to 25% women.

Chair

At the 2021 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. Five meetings of the Board were held during 2021. 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 2021 AGM, it was resolved that fees to the Board for the period extending from the 2021 AGM to the 2022 AGM would total SEK 2,900,000, of which SEK 870,000 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 290,000. Any further remuneration paid to any member of the Board, including the President, is outlined in the consolidated financial statements, Note 6.

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 2021, 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 2021, 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, 2021.

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 2021 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 Sandvik Materials Technology.

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 7 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 2021 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 communications 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 meetings 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 3.75 per share, or a total of SEK 930 m. The Board's proposal concerning the distribution of earnings is presented in its entirety on page 95.

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	2021	2020
Net sales, etc.	4	24,832	19,887
Other revenues, etc.	5	1,443	1,063
		26,275	20,950
Raw materials, consumables and cost of sold inventory shares		-10,709	-8,855
Personnel costs	6	-3,257	-2,735
Other external costs	7	-4,461	-4,057
Depreciation	8	-1,304	-1,191
Results from participations in associated companies and joint ventures	9	5,814	2,246
		-13,916	-14,593
Changes in value of investment properties and derivatives	10	4,622	-2,201
Changes in value of biological assets	11	464	579
Operating profit	12	17,444	4,735
Financial income	13	9	12
Financial expense	13	-320	-276
Net financial items		17,134	4,471
Tax	14	-2,211	-363
Net profit for the year		14,924	4,108
Attributable to			
Parent Company's shareholders		11,367	3,591
Non-controlling interests		3,556	517
		14,924	4,108
Earnings per share attributable to the Parent Company's shareholders, SEK (there is no dilution effect)		45.84	14.48

Statement of comprehensive income

GROUP, SEK m.	Note	2021	2020
Net profit for the year		14,924	4,108
Other comprehensive income			
<i>Items that cannot be transferred to profit or loss</i>			
Revaluation of forest assets		3,345	1,173
Financial assets measured at fair value		3,071	-376
Revaluation of defined-benefit pension plans		-7	-21
Tax attributable to items that cannot be transferred to profit or loss	14	-1,202	-165
Proportion of other comprehensive income in associated companies		55	13
		5,262	625
<i>Items that can be transferred to profit or loss</i>			
Cash flow hedging			
Revaluation of derivatives		182	380
Transferred to profit or loss		349	-105
Transferred to fixed assets		-27	-2
Translation difference on foreign operations		180	-187
Hedging of currency risk in foreign operations		-39	29
Tax attributable to items that can be transferred to profit or loss	14	-97	-61
Proportion of other comprehensive income in associated companies and joint ventures		133	-164
		681	-110
Other comprehensive income after tax		5,943	515
Total comprehensive income		20,866	4,623
Attributable to			
Parent Company's shareholders		15,197	3,453
Non-controlling interests		5,669	1,169
		20,866	4,623

Balance sheet

GROUP, SEK m.	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Fixed assets			
Intangible fixed assets	15	726	769
Tangible fixed assets	16	9,767	9,264
Forest assets	17		
Biological assets		29,204	28,663
Forest land		17,876	14,538
Investment properties	18	76,688	70,772
Right-of-use assets	19	929	971
Participations in associated companies and joint ventures	2, 20	35,963	29,753
Financial investments	21, 37	19,381	15,234
Other shares and participations	22	2	2
Long-term financial receivables	23, 37	292	313
Deferred tax assets	14	3	1
Total fixed assets		190,832	170,281
Current assets			
Properties classified as current assets	24	142	115
Inventories	25	4,980	4,353
Accounts receivable	26	2,443	2,069
Tax receivable	14	70	6
Other operating receivables	26	1,802	1,349
Current financial receivables	23, 37	39	44
Cash and cash equivalents	23	2,211	1,608
Assets held for sale	18		185
Total current assets		11,686	9,730
TOTAL ASSETS		202,518	180,011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	28	2,480	2,480
Reserves	29	13,813	10,044
Earnings brought forward, including net profit for the year		83,288	72,728
Shareholders' equity attributable to Parent Company shareholders		99,581	85,252
Non-controlling interests	2, 30	47,584	43,471
Total shareholders' equity		147,165	128,723
Liabilities			
Long-term liabilities			
Long-term financial liabilities	23, 37	17,806	17,123
Long-term liabilities, right-of-use assets	23, 37	855	856
Other long-term liabilities		125	120
Pension obligations	31	204	224
Non-current provisions	32	425	506
Deferred tax liabilities	14	26,717	23,913
Total long-term liabilities		46,132	42,742
Current liabilities			
Current financial liabilities	23, 37	3,593	3,164
Current liabilities, right-of-use assets	23, 37	80	121
Accounts payable	33	3,190	2,750
Current tax liability	14	160	241
Current provisions	32		163
Other current liabilities	33	2,199	2,106
Total current liabilities		9,221	8,546
Total liabilities		55,353	51,288
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		202,518	180,011

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, 2020	2,480	10,188	68,528	81,196	44,214	125,410
Net profit for the year			3,591	3,591	517	4,108
Other comprehensive income		-144	6	-138	653	515
		-144	3,597	3,453	1,169	4,623
Dividends				-	-814	-814
Cancellation of treasury-shares			570	570	-570	-
Share-savings program			1	1	2	2
Share buybacks			-231	-231	-269	-500
Changes in Group composition			263	263	-261	1
SHAREHOLDERS' EQUITY on Dec. 31, 2020	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 composition			-4	-4	-148	-153
SHAREHOLDERS' EQUITY on Dec. 31, 2021	2,480	13,813	83,288	99,581	47,584	147,165

Cash flow statement

GROUP, SEK m.	Note 27	2021	2020
Operating activities			
Profit before taxes		17,134	4,471
Adjustments for items not included in cash flow			
Unrealized changes in value		-5,068	1,632
Depreciation		1,304	1,191
Results from participations in associated companies and joint ventures		-4,895	-2,148
Other changes		-863	-36
Taxes paid		-914	-749
		6,698	4,362
Change in inventories		-414	70
Change in current receivables		-188	-73
Change in current liabilities		399	-215
CASH FLOW FROM OPERATING ACTIVITIES		6,494	4,143
Investing activities			
Acquisition of tangible fixed assets		-1,699	-1,160
Divestment of tangible fixed assets		20	12
Investment in investment properties		-1,312	-1,619
Divestment of investment properties		204	89
Divestment of biological assets		424	69
Acquisition of financial assets		-1,997	-2,128
Acquisition of subsidiaries		-193	-
Change in long-term financial receivables		25	141
Acquisition of other fixed assets		-28	-70
CASH FLOW FROM INVESTING ACTIVITIES		-4,556	-4,666
Financing activities			
Loans raised		5,150	7,850
Loans repaid		-3,700	-4,050
Change in current financial liabilities		-379	-2,846
Repayment of debt linked to right-to-use assets		-121	-136
Change in current financial receivables		-3	4
Share buybacks in Hufvudstaden		-	-500
Dividend paid to Parent Company's shareholders		-868	-
Dividend paid to non-controlling interests		-1,417	-814
CASH FLOW FROM FINANCING ACTIVITIES		-1,338	-493
CASH FLOW DURING THE YEAR		600	-1,015
Cash and cash equivalents on January 1		1,608	2,628
Exchange-rate effects		2	-4
Cash and cash equivalents on December 31		2,211	1,608

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 36 – Important accounting assumptions and estimates.

Revised accounting policies

New and revised accounting policies that are applicable as of 2021

New and amended IFRSs with application from 2021 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 Lundbergföretagen 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. Exchangerate 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 Paper AB, Iggesund Paperboard AB, Holmen Wood Products AB, Holmen Skog 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 4. 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 4. 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. This is primarily assistance in the form of compensation for the reduction in rents received. Assistance pertaining to rent discounts, which are recognized in profit or loss in the same period as the reduced rental revenue, amounted to approximately SEK 62 m. during the year. 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 23, 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

NOTE1 – cont.

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 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 37.

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 18. 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 10.

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.

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.

NOTE 1 – cont.**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.

Assets held for sale

An asset is classified as being held for sale if it is available for immediate sale in current condition and on the basis of terms and conditions that are normal, and it is highly probable that the sale will occur. These assets are recognized as current assets on a separate row in the balance sheet. In the initial classification as held for sale, the fixed assets are recognized at the lower of the carrying amount or fair value less selling expenses.

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 Alecta. In accordance with UFR 10, a statement issued by the Swedish Financial Reporting

Council, this is a multi-employer defined-benefit plan. During the 2021 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 Alecta 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/PR1 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. Employee subscription of Holmen's share-savings plan was possible between May 9 and May 31, 2019. The average share price during this period was used as the basis for measuring the value of the shares at the date of allotment. The vesting period extends from May 31, 2019 through the date of publication of Holmen's interim report for the first quarter of 2022.

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, Hufvudstaden AB and Holmen 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	
		2021	2020
Hufvudstaden AB	Sweden	46.8 (88.5)	46.2 (88.4)
Holmen AB	Sweden	34.1 (62.3)	34.1 (62.3)

¹) The percentage is calculated less treasury shares.

Subsidiaries, SEK m.	Hufvudstaden		Holmen	
	2021	2020	2021	2020
Revenues	2,488	1,840	19,479	16,327
Profit	2,955	-1,462	3,004	1,979
Other comprehensive income			3,201	989
Total comprehensive income	2,955	-1,462	6,204	2,968
Fixed assets	49,653	46,510	59,598	55,276
Current assets	1,446	887	8,503	7,267
Long-term liabilities	-16,989	-15,522	-16,127	-15,203
Current liabilities	-3,044	-3,259	-4,982	-4,824
Net assets	31,066	28,617	46,992	42,516
Cash flow from				
- operating activities	994	1,072	3,229	2,457
- investing activities	-628	-949	-1,307	-1,783
- financing activities	32	-1,046	-1,764	-808
Cash flow during the year	398	-922	158	-133

Attributable to non-controlling interests	Hufvudstaden		Holmen	
	2021	2020	2021	2020
Share of profit	1,573	-787	1,983	1,313
Share of comprehensive income	1,573	-787	4,095	1,958
Share of net assets	16,541	15,408	31,018	28,063
Dividend	-269	-425	-1,147	-373

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	
		2021	2020
Husqvarna AB	Sweden	7.6 (25.4)	7.6 (25.2)
AB Industrivärden	Sweden	18.8 (24.9)	17.7 (24.0)
Indutrade AB	Sweden	26.6 (26.6)	26.6 (26.6)

¹) The percentage is calculated less treasury shares.

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

2020, SEK m.	Husqvarna	Industrivärden	Indutrade
Associated companies			
Revenues	41,943	657	19,217
Profit	2,495	8,440	1,669
Other comprehensive income	-1,443		-289
Total comprehensive income	1,051	8,440	1,380
Fixed assets	22,269	128,914	10,333
Current assets	21,248	196	7,629
Long-term liabilities	-12,480	-4,762	-5,220
Current liabilities	-13,976	-3,372	-4,108
Net assets	17,062	120,976	8,634
The Group's share of associated companies, SEK m.			
Share of net assets on January 1	1,306	19,239	1,912
Share of total comprehensive income	81	1,619	385
Dividends received	-98		
Acquired shareholders' equity ¹		574	
Share of net assets on December 31	1,289	21,432	2,297
Surplus value	1,127	9	1,876
Closing carrying amount	2,416	21,441	4,172

¹) Including the discount on net asset value.

Information on other subsidiaries and associated companies is presented in Notes 20 and 39.

NOTE 3 – BUSINESS COMBINATION**Hufvudstaden**

Hufvudstaden's subsidiary, AB Nordiska Kompaniet, reached an agreement on January 27, 2021 with RNB Retail and Brands to acquire the NK business within its subsidiary Departments & Stores Europé AB. The operations were acquired by a wholly owned subsidiary of NK, NK Retail AB. Possession was taken on February 3, 2021.

NK Retail operates around 40 fashion, cosmetics and jewellery departments in NK Stockholm and NK Gothenburg, which account for about 25% of the total number of departments in the department stores. All of the approximately 400 employees in the operations have been offered employment in the Group and the vast majority have accepted the offer. The operations' sales during the 2019/2020 fiscal year amounted to approximately SEK 770 m. The purchase consideration was SEK 58 m., corresponding to the value of inventories. The acquisition was financed with existing cash and cash equivalents.

Holmen

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 4 – NET SALES, ETC

SEK m.	2021	2020
Real estate operations		
Rental revenue ¹	1,474	1,419
Service revenue	62	65
Sales of properties classed as current assets	58	60
Consulting assignment		26
Hufvudstaden		
Rental revenue ¹	1,692	1,685
Service revenue	92	83
NK-Retail	604	
Other activities ²	100	72
Holmen		
Consumer paperboard	6,059	6,001
Pulp	202	187
Book, magazine & packaging paper	4,977	4,381
Newsprint	464	498
Wood products, pine	2,206	1,035
Wood products, spruce	2,345	1,080
Wood construction solutions	320	107
Wood	2,424	2,664
Energy	473	330
Other	8	45
Net sales	23,562	19,737
Equity management		
Sales of marketable securities, etc.	364	73
Dividends	906	77
	24,832	19,887

¹ Sales-based rent supplements account for SEK 11 m. (8) of total rental revenues.

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

NOTE 5 – OTHER REVENUES, ETC.

SEK m.	2021	2020
Non-core activities		
Sales of by-products	584	411
Certificates, renewable energy ¹	186	457
Rental and leasehold income	101	94
Emission rights ²	140	85
Forestry assignments	95	80
Sales of fixed assets	320	59
Other	264	153
	1,690	1,339
Change in inventories of shares	-248	-188
Change in inventories ³	1	-88
	1,443	1,063

Of the sales of by-products, SEK 182 m. (118) relates to rejects from production, SEK 292 m. (186) to wood shavings, bark and chips, as well as SEK 110 m. (108) to external sales of energy.

The sale of non-current assets in 2021 mainly relates to the sale of forest properties in the UK.

¹ Revenue from the production of renewable energy at Holmen's British paperboard mill in Workington. A turbine breakdown resulted in lower than normal renewable energy production.

² Holmen has been allotted emission allowances that have been used partly within its own production. The surplus resulted in a gain of SEK 140 m. (85).

³ Refers to Holmen's operations.

NOTE 6 – EMPLOYEES AND PERSONNEL COSTS

Average number of employees	Of whom		Of whom	
	2021	men, %	2020	men, %
Parent Company – Sweden	9	71	8	73
Total in Parent Company	9	71	8	73
Wholly owned subsidiaries				
– Sweden	175	63	165	65
Hufvudstaden – Sweden	416	28	140	54
Holmen				
– Sweden	2,930	80	2,439	80
– France	12	50	12	50
– Netherlands	80	44	76	46
– United Kingdom	383	89	377	89
– Germany	22	64	22	64
– USA	9	67	12	67
– Other countries	38	63	35	57
Total in subsidiaries	4,065	74	3,279	78
Total in Group	4,073	74	3,287	78

Distribution of company management by gender

Percentage of women	2021	2020
Parent Company		
Board of Directors	33	33
Senior executives	-	-
Group total		
Board of Directors	30	30
Senior executives	23	27

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

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

2020, SEK m.	Basic salary, Director fees	Variable remuneration	Pension cost	Total
Chair of the Board Mats Guldbrand	0.8			0.8
Board Member Carl Bennet				
Remuner. from the Parent Comp.	0.3			0.3
Remuneration from subsidiaries	0.4			0.4
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	2.4	0.2	0.5	3.1
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	2.8
Remuneration from subsidiaries	4.5	6.8	0.5	11.8
	15.1	7.3	1.7	24.2

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

2021, 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	7	6	2
Wholly owned subsidiaries	129	31	57	14
	141	37	63	16
Hufvudstaden	218	26	104	29
Holmen	1,928	41	759	115
Total in other subsidiaries	2,146	67	863	144
Total in Group³	2,287	104	926	160

2020, 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	11	6	5	2
Wholly owned subsidiaries	109	24	49	12
	120	30	53	14
Hufvudstaden	100	22	53	18
Holmen	1,694	39	679	146
Total in other subsidiaries	1,795	61	732	164
Total in Group³	1,914	91	786	178

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

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

³ The President and senior executives accounted for SEK 32.2 m. (28.7) of the Group's pension costs. On December 31, 2021, the Group's outstanding pension obligations for these pension costs totaled SEK 108.3 m. (97.8). The obligations are mainly covered by plan assets in independent pension foundations and through reinsurance in FPG.

NOTE 6 – cont.**Share-savings plan**

Holmen's 2019 AGM resolved to introduce a new targeted share-savings plan for key personnel in Holmen. The purpose of the plan is to strengthen the community of interest between owners and executive management in the company, and to create long-term commitment to Holmen. Participation in the plan required that the personnel personally invested in Holmen shares (known as savings shares) during the period May 9 through May 31, 2019. For each invested savings share, a half matching share will be allotted after the end of the vesting period since Holmen's total return for the period 2019–2021 was positive, which was the condition for the allocation of matching shares. In addition, performance shares will be allotted to participants since return on capital employed exceeded the limit for allocation during the period 2019–2021. The number of performance shares varies depending on the position of the participant.

To be eligible for allocation of matching and performance shares, participants must have been fulltime employees within Holmen and held the savings shares for the entire vesting period. The vesting period runs from May 31, 2019 through the day of publication of the interim report for the first quarter of 2022. The maximum number of shares that can be allocated is estimated at 112,000. Total costs for the programme are estimated at SEK 32 m. Costs of SEK 20 m. (5) have been recognised for 2021.

NOTE 7 – FEES AND OTHER REMUNERATION TO AUDITORS

SEK m.	2021	2020
Remuneration of PwC		
Auditing assignments	12	
Tax advice	1	
Other assignments	1	
	13	
Remuneration of KPMG		
Auditing assignments	1	10
Tax advice		0
Other assignments	0	0
	1	11
Other auditors	0	0
	14	11

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 8 – DEPRECIATION

SEK m.	2021	2020
Intangible fixed assets	57	23
Tangible fixed assets		
Buildings and land	122	110
Machinery and equipment	1,005	955
Right-of-use assets	120	104
	1,304	1,191

NOTE 9 – RESULTS FROM PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK m.	2021	2020
Husqvarna AB	335	188
AB Industrivärden	4,921	1,618
Indutrade AB	557	445
Other	0	-6
	5,814	2,246

NOTE 10 – CHANGES IN VALUE OF INVESTMENT PROPERTIES AND DERIVATIVES

SEK m.	2021	2020
Investment properties		
Realized	17	11
Unrealized	4,597	-2,209
Derivatives		
Unrealized	8	-3
	4,622	-2,201

NOTE 11 – CHANGES IN VALUE OF BIOLOGICAL ASSETS

SEK m.	2021	2020
Change due to harvesting	-695	-691
Unrealized change in fair value	1,158	1,271
	464	579

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

¹ Including other revenues, etc.; see Note 5.

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

NOTE 12 – cont.

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

Net profit for the year 2020, SEK m.	Lundbergs				
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen	Total
Net sales, etc.	1,570	150	1,840	16,327	19,887
Operating expenses ¹	-537	-13	-438	-10,839	-11,827
Personnel costs	-126	-24	-160	-2,411	-2,721
Depreciation	-6	-0	-13	-1,172	-1,191
Profit from shares in associated companies and joint ventures		2,251		-6	2,246
Changes in value ²	732	-3	-2,930	579	-1,622
	1,634	2,361	-1,702	2,479	4,771
Unallocated costs					-36
Operating profit	1,634	2,361	-1,702	2,479	4,735
Net financial items					-264
Tax					-363
Net profit for the year					4,108

¹ Including other revenues, etc.; see Note 5.

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

Other disclosures 2020, SEK m.	Lundbergs				
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen	Total
Assets	25,468	16,567	47,397	60,826	150,258
Participations in associated companies and joint ventures	7	28,029		1,717	29,753
					180,011
Liabilities	9,599	2,881	18,781	20,027	51,288
Investments					
Fixed assets	740		949	2,006	3,695
Associated companies		583		23	606

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.	2021	2020
Sweden	10,696	7,757
Germany	1,963	2,115
United Kingdom	2,304	1,830
France	1,074	816
Italy	911	805
Rest of Europe	4,383	3,740
Asia	2,150	1,940
Rest of world	1,351	884
	24,832	19,887

The distribution of sales among products and services is presented in Note 4.

Fixed assets by country, SEK m.	2021	2020
Sweden	132,928	122,682
United Kingdom	1,329	1,321
Other	4	4
	134,261	124,007

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

NOTE 13 – NET FINANCIAL ITEMS

SEK m.	2021	2020
Financial income		
Gain on sale of Group companies	1	0
Interest income ¹	9	12
	9	12
Financial expense		
Net gain/loss		
Assets and liabilities measured at fair value through profit or loss	3	15
Cash and cash equivalents	-0	6
Assets and liabilities measured at amortized cost	-5	-22
Interest expenses attributable to right-of-use liabilities	-27	-27
Interest expense ²	-290	-247
	-320	-276
Net financial items	-310	-264

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

² SEK 2 m. (7) pertains to interest expenses on derivative instruments measured at fair value through other comprehensive income and SEK 10 m. (8) 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. They also include revaluation of interest rate swaps relating to Holmen, which hedging loans at fixed interest rates. 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 10).

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

SEK m.	2021	2020
Exchange rate gain/loss on accounts receivable and accounts payable	-97	48
Net gain/loss pertaining to derivatives	337	-98

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

NOTE 14 – TAX**RECOGNIZED IN PROFIT OR LOSS**

SEK m.	2021	2020
Current tax		
Tax cost during the year	-733	-745
Tax attributable to preceding years	4	62
Deferred tax ¹		
Temporary differences	-1,482	321
	-2,211	-363

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	2021		2020	
	SEK m.	%	SEK m.	%
Profit before taxes	17,134		4,471	
Tax according to applicable tax rates	-3,530	21	-957	21
Difference in tax rates for foreign operations	-2	0	9	-0
Non-taxable revenues and non-deductible expenses ¹	1,271	-7	501	-11
Standard interest on tax-deferral reserve	-3	0	-3	0
Tax attributable to preceding years	5	-0	62	-1
Change in tax rate for deferred tax assets/liabilities	-31	0	-4	0
Other	79	-1	30	-1
	-2,211	13	-363	8

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

RECOGNIZED IN OTHER COMPREHENSIVE INCOME

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

2020, SEK m.	Before tax	Tax	After tax
Hedge accounting	273	-54	219
Translation difference on foreign operations	-187		-187
Hedging of currency risk in foreign operations	29	-6	23
Revaluation of forest land	1,173	-242	932
Financial assets measured at fair value	-376	73	-303
Actuarial revaluations	-21	4	-17
Associated companies and joint ventures - net			-151
	891	-226	515

RECOGNIZED IN BALANCE SHEET

SEK m.	2021	2020
Receivables		
Deferred tax assets	3	1
Current tax assets	70	6
	73	8
Liabilities		
Provisions for taxes		
Deferred tax liability	26,717	23,913
Current tax liability	160	241
	26,876	24,154

Deferred tax assets and liabilities

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

2020, SEK m.	Asset	Liability	Net
Tangible fixed assets		-1,063	-1,063
Biological assets		-5,901	-5,901
Forest land		-2,939	-2,939
Investment properties		-12,310	-12,310
Financial investments		-777	-777
Untaxed reserves		-788	-788
Hedge-accounted transactions		-92	-92
Other provisions ¹	1	-43	-42
	1	-23,913	-23,912

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

Holmen has claimed group relief related to tax losses in a Spanish subsidiary that was liquidated. The deductions correspond to SEK 389 m. in tax, but no tax receivable has been recognised.

Change in deferred tax on temporary differences and loss carryforwards

2021, SEK m.	Opening balance	Recognized in net profit for the year	Recognized in other comprehensive income	Translation differences and other	Closing balance
Tangible fixed assets	-1,063	-51		-57	-1,171
Biological assets	-5,901	-125		10	-6,016
Forest land	-2,939	-10	-689	-10	-3,648
Investment properties	-12,310	-1,193			-13,504
Financial investments	-777	-38	-517		-1,331
Untaxed reserves	-788	-114			-902
Other	-134	54	-98	34	-143
	-23,912	-1,476	-1,303	-23	-26,714

NOTE 14 – cont.

2020, SEK m.	Opening balance	Recognized in net profit for the year	Recognized in other comprehensive income	Translation differences and other	Closing balance
Tangible fixed assets	-1,434	357		14	-1,063
Biological assets	-5,746	-155			-5,901
Forest land	-2,697		-242		-2,939
Investment properties	-12,550	240			-12,310
Financial investments	-835	-14	73		-777
Untaxed reserves	-670	-118			-788
Other	-42	12	-57	-47	-134
	-23,974	321	-226	-33	-23,912

NOTE 15 – INTANGIBLE FIXED ASSETS

Intangible assets consist of goodwill, development expenses, patents, licenses and IT systems. Expenditure for development is capitalized insofar as it is expected to generate economic benefits in the future. In the balance sheet, tangible fixed assets are recognized at acquisition value less depreciation and any impairment losses. Intangible fixed assets are impairment tested annually. Impairment of goodwill is not reversed.

SEK m.	2021	2020
Accumulated acquisition value		
Opening balance	951	387
Business combination	4	495
Investments	27	70
Divestments and scrappage		-2
Translation differences, etc.	-16	0
	965	951
Accumulated amortization and impairment losses		
Opening balance	-182	-161
Amortization during the year	-57	-23
Divestments and scrappage	0	2
Translation differences, etc.	-1	-0
	-240	-182
Closing balance	726	769

The above includes goodwill totaling SEK 441 m. (438), of which SEK 358 m. is attributable to Holmens acquisition of Martinsons in 2020 (see also Note 3) and SEK 83 m. (83) is attributable to Lundberg's acquisition of Holmen.

Impairment testing of goodwill in the acquisition of Martinsons is made annually by calculating the value in use of the cash-flow generating unit to which goodwill has been allocated. The calculations are made by assessing future cash flows. The future cash flows have been discounted by 8% interest before tax. The discount rate has been determined by calculating the weighted average cost of capital (WACC). Based on these calculations, there is no need for impairment.

Impairment testing of goodwill in Lundberg's acquisition of Holmen is assessed based on the share price on December 31 and no depreciation or write-down has been made of the value.

Other intangible assets consist primarily of IT systems SEK 109 m. (141), the value of the wood supply business included in the acquisition of Martinsons SEK 111 m. (134) and right-of-use relating to certain energy assets SEK 57 m. (49).

The assets were mainly acquired externally. Apart from goodwill, all assets have a determinable useful life that is amortized over 3–20 years.

NOTE 16 – TANGIBLE FIXED ASSETS

2021, SEK m.	Buildings, land and land improvements	Machinery and equipment	Work in progress and advanced payments	Total
Acquisition value				
Opening balance	6,441	29,828	689	36,958
Investments	54	667	808	1,529
Reclassification	37	1,078	-1,098	17
Divestments and scrappage	-72	-498	-25	-595
Translation differences	52	387	3	442
	6,512	31,463	376	38,351
Depreciation and impairment losses				
Opening balance	-3,971	-23,724		-27,695
Depreciation during the year	-122	-1,005		-1,127
Divestments and scrappage	70	492		562
Translation differences	-36	-288		-324
	-4,059	-24,526		-28,585
Closing balance	2,454	6,936	376	9,767

2020, SEK m.	Buildings, land and land improvements	Machinery and equipment	Work in progress and advanced payments	Total
Acquisition value				
Opening balance	5,934	29,141	251	35,326
Business combination	475	866	134	1,475
Investments	79	555	405	1,039
Reclassification	7	89	-96	
Divestments and scrappage	-1	-423	-2	-427
Translation differences	-53	-399	-2	-455
	6,441	29,828	689	36,958
Depreciation and impairment losses				
Opening balance	-3,549	-22,835		-26,384
Business combination	-348	-646		-994
Depreciation during the year	-110	-958		-1,067
Divestments and scrappage	0	421		421
Translation differences	36	294		330
	-3,971	-23,724		-27,695
Closing balance	2,471	6,104	689	9,264

During the year, capitalized loan charges amounted to SEK 6 m. (2). To determine the amount, an interest rate of 1.2% (1.2) has been used.

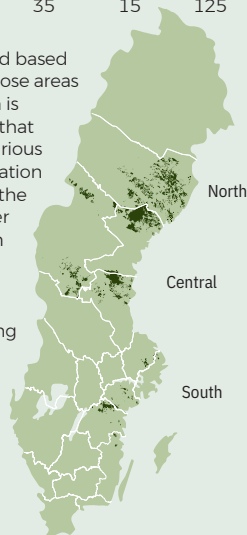
NOTE 17 – FOREST ASSETS

Holmen's owns land totalling 1,304,000 hectares, of which 1,044,000 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	689	264	91	1,044
Volume of standing timber, millions m ³ growing stock, solid over bark	75	35	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.

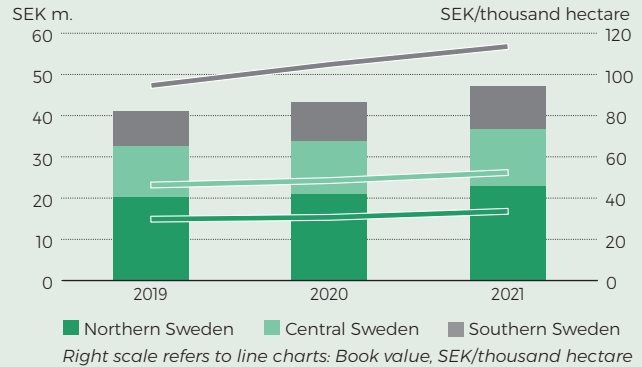
The value of the forest assets is allocated in the balance sheet to growing trees, SEK 29,204 m, recognised as a biological asset, and forest land, SEK 17,876 m. The book value of forest assets amounted to SEK 47,080 m. (43,202) at December 31, 2021.



SEK m.	Biological assets		Forest land		Total	
	2021	2020	2021	2020	2021	2020
Opening carrying amount	28,663	27,979	14,538	13,366	43,202	41,345
Acquisitions	24	0	18	9	42	9
Divestments	-93	-16	-27	-6	-120	-22
Investment in reforestation	142	128			142	128
Change due to harvesting	-695	-691			-695	-691
Unrealized change in fair value	1,158	1,271	3,345	1,173	4,503	2,444
Other changes	5	-8	2	-4	7	-12
Closing carrying amount	29,204	28,663	17,876	14,538	47,080	43,202

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



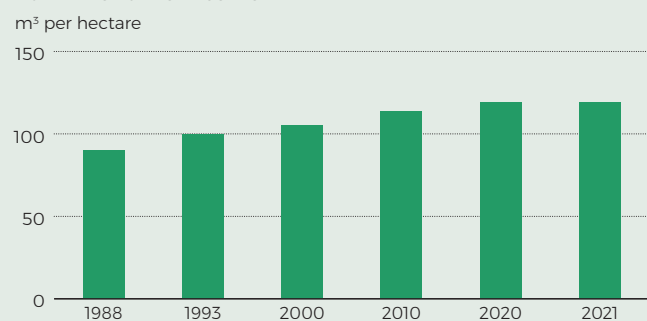
The recognised value of forest assets is primarily dependent on how large the volume of standing timber is estimated to amount to and the market price per m³ growing stock, solid over bark calculated based on price statistics and transaction data collected from external parties. The table below shows 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	10/m ³ growing stock, solid over bark	750
Central Sweden	10/m ³ growing stock, solid over bark	350
Southern Sweden	10/m ³ growing stock, solid over bark	150
Holmen's volume of standing timber	1 million m ³ growing stock, solid over bark	380

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, 2021.

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



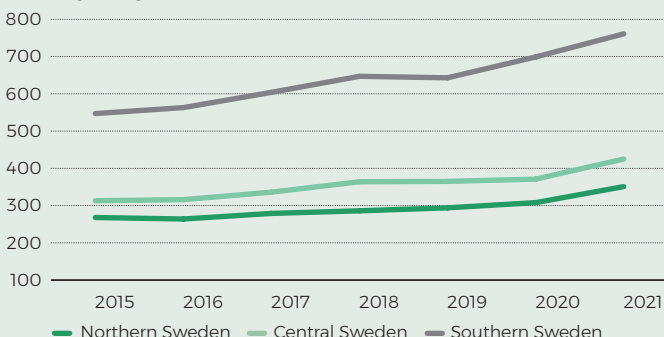
The price statistics used in the valuation are public information that comes from market participants. The transaction data that are used come from Lantmäteriet (the Swedish mapping, cadastral and land registration authority) and were processed by an external party. In the areas where Holmen has land 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.

NOTE 17 – 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

SEK/m³ growing stock, solid over bark



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 2021, forest properties corresponding to two thirds of the book value were valued by Forum Fastighetsekonomi. The external valuations exceed the internal valuations by 1%.

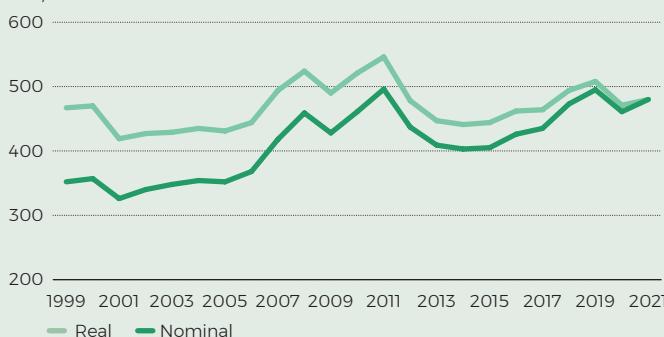
BIOLOGICAL ASSETS

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 for 2021 was SEK 466 (457)/m³sub, 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 in 2021 totalled SEK 464 m. (579).

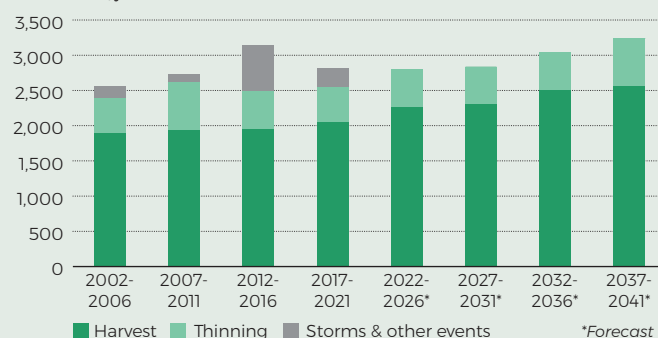
WOOD PRICES

SEK/m³sub



PLANNED HARVEST

'000 m³sub/year



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	1,060
Price inflation	1,530
Cost inflation	-630
Change in level +1%	
Harvesting	340
Prices	510
Costs	-220
Discount rate +0,1%	-830

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).

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 3,345 m. (1,173). 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 18 – 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.

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

2020, SEK m.	Residential	Commercial	Total
Opening fair value	10,717	60,908	71,625
Reclassification ¹⁾	176	-361	-185
Investments	388	1,231	1,619
Divestments	-78		-78
Unrealized change in value	249	-2,458	-2,209
Closing fair value	11,453	59,319	70,772
Assets held for sale		185	185
	11,453	59,504	70,957

¹⁾ The reclassification above pertains to one property whose use was reclassified in 2020 to predominantly being for residential purposes and to three properties for which sales agreements were signed in late 2020. The latter property transaction was completed in 2021 and the properties are recognized 2020 as "Assets held for sale" and are presented as current assets in the balance sheet.

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 includes capitalized loan expenses during the year of SEK 5 m. (6).

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) amounted to SEK 3,470 m. (3,250). Costs distributed by type are presented in the table below.

Type of cost, SEK m.	2021	2020
Operation and administration	412	407
Maintenance	199	204
Personnel costs	295	280
Property taxes	283	278
Depreciation	12	21
	1,201	1,189

In addition to the above, insurance compensation of SEK 36 m. was received in 2020 regarding rent losses and emergency response costs after a fire in a property owned by Hufvudstaden. The compensation is included in Other external costs in the income statement.

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

SEK m.	2022	2023	2024	2025	2026	2027-	Total
Residential	168						168
Offices	1,621	1,436	1,119	697	516	1,710	7,101
Retail	761	633	458	275	142	223	2,492
Other	139	96	76	53	39	71	474
Total	2,690	2,165	1,653	1,025	700	2,004	10,236
Proportion, %	26	21	16	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 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	500-1,700	900	400-7,200	1,700
Vacancy, %	1.0-5.1	1.6	0.0-5.4	3.5
Required yield residual value, %	2.23-5.86	3.64	3.60-7.67	4.85

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 27.9 bn. (25.3). To ascertain the valuation, independent valuations were obtained externally for 25 properties, corresponding to 33% of the portfolio in terms of value. The external valuations for these properties provided a market value of SEK 9.4 bn., while the figure for the internal valuations was SEK 9.1 bn. The external valuations favorably match the internal 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, 2016, Hufvudstaden's average yield requirement has varied from 3.5 to 3.9% and amounted to 3.5% at December 31, 2021. 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 2012-2021 varied between 3 and 8% and was 7.3% on December 31, 2021.

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 450-550 interval and the estimated cost in the valuation on December 31, 2021 was at a corresponding level. The input data used for valuation is stated below.

NOTE 18 – cont.

Office and retail	Interval	Weighted average
Net operating income, SEK/sqm	1,430-7,570	4,600
Vacancy, %	2 - 5	4
Required yield, Stockholm, %	3.1 - 3.5	3.3
Required yield, Gothenburg, %	4.0 - 4.8	4.3
Required yield, total, %	3.5	

Hufvudstaden's real estate portfolio was valued at SEK 48.8 bn. (45.6). To safeguard the valuation, independent valuations of 10 properties were obtained, corresponding to 47% of the internally estimated fair value. The external valuation firms arrived at a market value of SEK 24.1 bn. Hufvudstaden's internal valuation of the same properties amounted to SEK 23.1 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 $\pm 5\%$ 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 27.9 bn. based on an assumed uncertainty interval of $\pm 5\%$, which corresponds to a \pm 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	778	423
Required yield, residual value	-0.25 percentage point	976	798
	+0.25 percentage point	-850	-720
Rental vacancy	-1.0 percentage point	197	187

Hufvudstaden's real estate portfolio is valued at SEK 48.8 bn. based on an uncertainty interval of $\pm 5\%$, which corresponds to a change in the property value of \pm SEK 2.4 bn. The most significant factors that influence the valuation and their effect on the fair value are stated below.

	Change \pm	Impact on value
		\pm , SEK m.
Rental revenue	SEK 100/sqm	1,120
Property costs	SEK 50/sqm	560
Rental vacancy rate	1.0 percentage points	660
Yield requirement	0.25 percentage points	3,550

NOTE 19 – RIGHT-OF-USE ASSETS (LEASING)

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

2020, SEK m.	Site leaseholds	Commercial premises	Machinery and equipment	Total
Acquisition value				
On January 1	677	280	146	1,103
Business combination		3	32	35
Additional right-of-use agreements		41	82	123
Concluded agreements		-17	-36	-53
	677	308	223	1,208
Depreciation				
On January 1		-80	-65	-145
Amortization during the year		-80	-65	-145
Concluded agreements		17	36	53
		-143	-94	-237
Closing balance	677	165	129	971

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 0-4 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 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

Carrying amounts 2020, SEK m.	Income statement	Balance sheet	Total
Depreciation amount for rights of use	-103	-39	-142
Interest expense for lease liabilities	-27	-1	-28
Revenues from forward leasing of right-of-use assets	5	29	33
Costs related to current lease liabilities	1		1
Costs related to low-value leases	-3		-3
Costs related to variable lease payments	-1	-5	-6
	-129	-16	-145

In 2021, the Group's disbursements attributable to leases amounted to SEK 164 m. (177). 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 37.

NOTE 20 — PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies, SEK m.	2021	2020
Recognized on January 1	29,678	27,086
Business combination		13
Investments	1,131	593
Participation in profit ¹	5,814	2,246
Dividends received	-919	-98
Participation in other comprehensive income	186	-162
Other	-7	0
	35,882	29,678

¹ Profit after tax and non-controlling interest in associated companies.

Joint venture, SEK m.	2021	2020
Recognized on January 1	75	0
Investments	3	64
Participation in profit	3	11
	81	75

	Number of shares Dec 31, 2021	Holding as a % ³		Carrying amount SEK m.	
		2021	2020	2021	2020
Associated companies¹					
<i>Parent Company's</i>					
Husqvarna AB ²	43,542,012	7.6 (25.4)	7.6 (25.2)	2,761	2,416
AB Industrivärden ²	81,000,000	18.8 (24.9)	17.7 (24.0)	26,834	21,441
Indutrade AB ²	96,840,000	26.6	26.7	4,612	4,172
<i>Subsidiaries'</i>					
Brännälvens Kraft AB	5,556	13.9	13.9	36	36
Disponere I AB	50		50.0		7
Gidekraft AB	990	9.9	9.9	0	0
Harrsele AB	9,886	49.4	49.4	1,518	1,493
Rebio AB	2,014	40.3	40.3	10	10
Uni4 Marketing AB	2,300	46.0	46.0	20	16
Vattenfall Tuggen AB	683	6.8	6.8	90	85
Various shares				1	1
				35,882	29,678
Joint ventures					
<i>Subsidiaries'</i>					
Varsvik AB	250	50.0	50.0	81	75
				35,963	29,753

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 6,281 m. (4,657), Industrivärden's is SEK 23,305 m. (21,054) and Indutrade's is SEK 26,844 m. (17,063).

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.

A value of SEK 240 m. regarding dividends from Handelsbanken of 861,538 Series A shares in Industrivärden is also reported as an investment.

The holdings in Brännälvens Kraft AB, Gidekraft AB, Harrsele AB and Vattenfall Tuggen AB refer to hydro power assets while the ownership in Varsvik AB relates to wind power operations. 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 result is reported in the Holmen segment.

Financial information about Parent Company's associated companies

Owned share, SEK m.	2021	2020
Revenues	10,845	8,403
Profit	5,778	2,185
Assets	37,969	30,944
Liabilities	6,765	5,927
Shareholders' equity	31,205	25,017

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 0 m. (neg: 1).

During the year, Holmen purchased 515 GWh (568) of electricity from Harrsele AB, resulting in operating profit of SEK 180 m. (112) 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 155 m. (140).

Financial information about joint ventures

The combined value of the subsidiaries' share in the comprehensive income of joint ventures is SEK 2 m. (7).

NOTE 21 — FINANCIAL INVESTMENTS

	Shareholding, Dec 31, 2021 as a % of		SEK m.	
	share capital	voting rights	2021	2020
Financial assets ^{1,2}				
Handelsbanken A	2.8	2.9	5,480	4,543
Sandvik	2.7	2.7	8,588	6,039
Skanska A ³			1,554	1,391
Skanska B	5.4	13.0	3,759	3,261
			19,381	15,234

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 644 m. (69) were received. In addition shares in Industrivärden, corresponding to a value of SEK 240 m., were received as a dividend from Handelsbanken.

NOTE 22 — OTHER SHARES AND PARTICIPATIONS

SEK m.	2021	2020
On January 1	2	2
Investments		0
Translation differences, etc.	-0	0
	2	2

NOTE 23 – 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 19) and the pension obligations (see Note 31).

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 37.

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 an increase of SEK 163 m. (neg: 13), 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, 2021 there were no offsetting of assets and liabilities in the balance sheet. Recognized derivatives amounted to SEK 1,097 m. (577) on the asset side and SEK 191 m. (127) 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Long-term financial receivables										
Derivatives			19	12			19	12	19	12
Other financial receivables					273	302	273	302	273	302
			19	12	273	302	292	313	292	313
Current financial receivables										
Accrued interest					0	2	0	2	0	2
Derivatives	6	16					6	16	6	16
Other financial receivables					33	27	33	27	33	27
	6	16			33	28	39	44	39	44
Cash and cash equivalents										
Short-term investments					62	32	62	32	62	32
Bank balances					2,149	1,577	2,149	1,577	2,149	1,577
					2,211	1,608	2,211	1,608	2,211	1,608
Long-term financial liabilities										
Bank loans					1,500	2,000	1,500	2,000	1,506	2,006
Bond loans					16,300	15,100	16,300	15,100	16,329	15,245
Derivatives	-5	3	6	14			1	17	1	17
Other long-term liabilities					5	5	5	5	5	5
	-5	3	6	14	17,805	17,105	17,806	17,123	17,841	17,273
Current financial liabilities										
Commercial papers					700	1,950	700	1,950	700	1,950
Bank loans					500		500		500	
Bond loans					2,200	1,000	2,200	1,000	2,204	1,000
Liabilities to bank accounts					3	0	3	0	3	0
Derivatives	11	5	12				23	5	23	5
Accrued interest					90	72	90	72	90	72
Other current liabilities					77	137	77	137	77	137
	11	5	12		3,570	3,160	3,593	3,164	3,597	3,164

1) Pertains to instruments that have to be measured at fair value according to IFRS 9.

2) Recognized through other comprehensive income

NOTE 23 – cont.**Financial instruments not included in net financial debt**

SEK m.	2021	2020
Assets		
Financial investments ¹	19,381	15,234
Shares in listed companies ²	1,007	759
Shares in unlisted companies ²	2	2
Accounts receivable	2,443	2,069
Recognized among operating receivables		
Derivatives ²	34	36
Hedge accounted derivatives	1,037	513
Liabilities		
Accounts payable	3,190	2,750
Recognized among operating liabilities		
Derivatives ²	58	37
Hedge accounted derivatives	99	68

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.	2021	2020
Long-term financial receivables	-292	-313
Current financial receivables	-39	-44
Cash and cash equivalents	-2,211	-1,608
Long-term financial liabilities	17,806	17,123
Long-term liabilities, right-of-use assets	855	856
Pension obligations	204	224
Current financial liabilities	3,593	3,164
Current liabilities, right-of-use assets	80	121
	19,995	19,522

Financial instruments measured at fair value

SEK m.	2021	2020
Assets measured at fair value		
Financial investments	19,381	15,234
Shares in listed companies	1,007	759
	20,388	15,993

Of the amount recognized above, SEK 18,835 m. (14,602) is recognized according to Level 1, while SEK 1,554 m. (1,391) is attributable to Level 3. The value of assets measured according to Level 3 changed by SEK 163 m. (neg: 13), 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 1,097 m. (577) on the asset side and SEK 191 m. (127) on the liability side.

NOTE 24 – 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.	2021	2020
On January 1	115	122
Acquisitions during the year	50	19
Divestments and scrappage	-22	-27
	142	115

Includes SEK 1 m. (1) for accumulated impairment losses. The estimated fair value in accordance with internal valuations was SEK 569 m. (416).

NOTE 25 – INVENTORIES

SEK m.	2021	2020
Shares in listed companies	1,007	759
NK Retail	155	
Harvesting rights	664	558
Electricity certificates and emission rights	45	23
Finished products and products in progress	1,778	1,728
Raw materials and consumables	975	916
Timber and pulpwood	355	369
	4,980	4,353

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 positive impact on profit of SEK 7 m. (12) and impairment losses on other inventories had a negative impact of SEK 5 m. (neg: 6).

NOTE 26 – OPERATING RECEIVABLES

SEK m.	2021	2020
Rent receivable and accounts receivable ¹	2,443	2,069
Other operating receivables		
Prepaid expenses and accrued revenues	236	309
Accrued rental revenues	23	16
Derivatives	1,072	550
Other receivables	471	474
	1,802	1,349
	4,244	3,419

¹) The amount for accounts receivable includes SEK 50 m. (33) 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. (45) and accounts receivable past due by more than 30 days to SEK 19 m. (58). Property-related customer bad debts during the year amounted to SEK 1 m. (43) and overdue but not written down customer and rental receivables amounted to SEK 36 m. (52). The market value of derivatives pertains to hedges of future cash flows. Also refer to Note 37.

NOTE 27 – CASH FLOW STATEMENT

Interest, SEK m.	2021	2020
Interest received	8	12
Interest paid	-243	-237
	-235	-225
Non-cash items, SEK m.		
Depreciation	1,304	1,191
Results from participations in associated companies and joint ventures	-4,895	-2,148
Changes in value, investment properties	-4,597	2,209
Change in value, derivatives	-8	3
Changes in value of biological assets	-464	-580
Other ¹	-863	-36
	-9,522	640

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. Further included is SEK 240 m. regarding dividend received from Handelsbanken regarding shares in Industrivärden.

NOTE 27 – cont.**Change in current liabilities**

The change in current liabilities pertains primarily to borrowing under commercial paper programs. Under commercial paper programs, a total of SEK 4,750 m. (8,078) was borrowed on a short-term basis, divided among several loans and SEK 6,000 m. (10,528) was repaid.

Instrument	2021	Cash flow	Currency and market revaluations	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

Instrument	2020	Cash flow	Currency and market revaluations	Business combinations and new agreements	2019
Commercial papers	1,950	-2,450			4,400
Bond loans	16,100	3,400			12,700
Bank loans	2,000	100			1,900
Liabilities, right-of-use assets	977	-30	-150	197	960
Other financial liabilities	237	-98	8	173	155
Pension obligations	224	-15	28		210
	21,488	907	-114	370	20,325

NOTE 28 – SHAREHOLDERS' EQUITY

Share capital	Number	Quotient value	SEK m.
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
Dec 31, 2020			
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 29 – RESERVES

SEK m.	2021	2020
Hedging reserve		
Reserve, January 1	66	-16
Cash flow hedging for the year	168	101
Tax attributable to hedging during the year	-35	-19
	199	66
Translation reserve		
Reserve, January 1	102	341
Translation differences during the year	165	-219
Tax attributable to translation reserve during the year	15	-20
	282	102
Fair value reserve		
Reserve, January 1	6,182	6,485
Change in value recognized directly in other comprehensive income	3,071	-376
Tax attributable to changes in value	-518	73
	8,735	6,182
Revaluation reserve		
Reserve, January 1	3,695	3,378
Translation differences during the year	1,137	398
Tax attributable to revaluation reserve during the year	-234	-82
	4,597	3,695
Total reserves, SEK m.		
Reserve, January 1	10,044	10,188
Change during the year in:		
Hedging reserve	133	82
Translation reserve	180	-239
Fair value reserve	2,553	-303
Revaluation reserve	903	316
	13,813	10,044

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 30 – NON-CONTROLLING INTEREST

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.	2021	2020
Opening balance	43,471	44,214
Net profit for the year	3,556	517
Other comprehensive income		
Reserves	2,117	660
Actuarial revaluation of pension liability	-4	-8
Dividend	-1,417	-814
Share buybacks in Hufvudstaden		-269
Share-savings plan in Holmen	8	-568
Changes in Group composition	-148	-261
Closing balance	47,584	43,471

NOTE 31 – PENSION OBLIGATIONS

For a description of pension commitments within the Group, see Accounting policies, Note 1. The provision for pensions totals SEK 204 m., of which Lundbergs accounted for SEK 148 m., Holmen for SEK 24 m. and Hufvudstaden for SEK 32 m. 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.	2021	2020
Obligation, January 1	150	139
Benefits vested during the period	5	5
Interest	2	2
Actuarial gain/loss	-4	5
Pension payments	-3	-3
Special employer's contribution	-1	2
Obligation, December 31	148	150
<i>Of which, credit insured via FPG</i>	<i>69</i>	<i>67</i>

During the year, pension costs of SEK 5 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 4 m. (pos: 5) and was recognized in other comprehensive income. The actuarial gain of SEK 4 m. comprises profit of SEK 1 m. resulting from experience-based adjustments, a profit of SEK 3 m. due to effects of changed financial assumptions. On an accumulated basis, actuarial revaluations amounted to SEK 56 m. (60). The duration of the obligation is 20 years (20).

Significant actuarial assumptions, %	2021	2020
Discount interest rate	1.8	1.1
Future pay increases	3.1	2.5
Future inflation	2.1	1.5

Lifespan assumptions are based on DUS14 (PRI). The current lifespan used to calculate the obligation is stated below.

	2021	2020
Lifespan assumption at 65 years – retired members		
Men	22	22
Women	24	24
Lifespan assumption at 65 years – for members who are 45 years old		
Men	24	24
Women	26	26

The table below shows how the commitment would be influenced in the event of a change in the significant actuarial assumptions (- decreases debt, + increases debt).

Sensitivity analysis, SEK m.	2021	2020
Discount rate (+0.5%)	-12	-13
Future pay increases (+0.5%)	4	4
Future inflation (+0.5%)	11	11
Mortality (+1 year in expected lifespan)	6	6

Payments to defined-benefit plans in 2022 are estimated at SEK 3 m.

Hufvudstaden

A provision of SEK 32 m. (26) has been posted for pension liabilities corresponding to endowment policies for the Deputy CEO and former CEO.

Holmen

There are pension commitments in trusts in the UK. 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.	2021	2020
Obligation		
Obligation, January 1	2,161	2,305
Cost of service, current year	9	11
Payroll tax	-0	-1
Interest expense	28	42
Actuarial gains/losses	-151	90
Pension payments	-92	-93
Indexation change	-65	
Exchange-rate difference	179	-192
Obligation, December 31	2,070	2,161
Plan assets		
Fair value of plan assets, January 1	2,231	2,388
Recognized interest income	30	44
Yield excluding interest income	210	77
Administration expenses	-2	-1
Receipts from employer	-12	6
Pension payments	-92	-81
Exchange-rate difference	202	-201
Fair value of plan assets, December 31	2,568	2,231
Effect of asset ceiling	-522	-118
Provision for pensions, net	24	48

Of the total obligations, non-funded obligations accounted for SEK 10 m. (8), with the remainder comprising fully or partly funded obligations. The weighted average duration is 15 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.	2021	2020
Shares	1,052	1,119
Bonds and bank account balances	1,516	1,112
	2,568	2,231

NOTE 31 – cont.

During the year, pension costs of SEK 9 m. (11) pertaining to defined-benefit plans were recognized as personnel expenses. Interest expense on the pension liability amounted to SEK 28 m. (42) during the year and the anticipated interest income on the plan assets was SEK 30 m. (44). The net of these items has been recognized in net financial items as interest expense.

Cost recognized in other comprehensive income, SEK m.	2021	2020
Return on plan assets excluding interest income	210	77
Actuarial gains and losses from changes in demographic assumptions	4	30
Actuarial gains and losses from changes in financial assumptions	142	-208
Actuarial gains and losses from experience-based adjustments	5	88
Special employer's contribution	6	-1
Effect of asset ceiling	-380	-1
	-12	-15

United Kingdom Significant actuarial assumptions, %, (weighted average)	2021	2020
Discount interest rate	2,0	0,9
Future inflation	2,7	3,1

Sweden Significant actuarial assumptions, %	2021	2020
Discount interest rate	1,2	0,9
Future pay increases	3,0	2,8
Future inflation	2,0	1,8

The table below shows how the commitment would be influenced in the event of a change in the significant actuarial assumptions (- decreases debt, + increases debt).

Sensitivity analysis, SEK m.	2021	2020
Discount rate (+0.5%)	-133	-151
Future pay increases (+0.5%)	2	2
Future inflation (+0.5%)	98	112
Mortality (+1 year in expected lifespan)	110	113

Holmen's payments to funded defined-benefit plans in 2022 are estimated at SEK 5 m.

Multi-employer plans

Expenditure for the year for pension insurance taken up in the Alecta ITP 2 plan amounted to SEK 36 m. (27) and is included in operating profit. Alecta's surplus can be distributed to policy holders and/or the insured.

At the end of 2021, Alecta's collective consolidation rate was 172% (148).

NOTE 32 – 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.	2021	2020
On January 1	670	811
Business combination		75
Provisions during the year	6	53
Utilized during the year	-169	-158
Unutilized that was reversed during the year	-50	-55
Reclassification	-32	-55
Translation differences	0	-1
	425	670
Non-current	425	506
Current		163
	425	670

Provisions primarily pertain to uncertainty associated with obligations for restoration of the environment. SEK 100 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.

NOTE 33 – OPERATING LIABILITIES

SEK m.	2021	2020
Accounts payable ¹	3,190	2,750
Other current liabilities		
Accrued expenses and deferred income		
Rental revenue	494	380
Other	1,152	1,288
Other current liabilities		
Liabilities to associated companies	2	4
Derivatives ²	122	70
VAT deduction	21	2
Other	408	362
	2,199	2,106
	5,389	4,857

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 34 — RELATED PARTIES

SEK m.	Associated companies and joint ventures		Key personnel in executive positions	
	2021	2020	2021	2020
Sales to related parties	266	275	12	11
Purchases from related parties	54	56		
Interest paid to related parties	10	11		
Receivables from related parties, Dec 31	314	318		
Debt to related parties, Dec 31	4	7	76	45

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. Purchased electricity is sold externally at market price.

Varsvik AB, the wind power company that is jointly owned by Holmen, has loans of SEK 254 m. (275) from Holmen.

In 2016, Lundbergs issued a total of 75,000 warrants to senior executives of Industrivärden in return for market-based payment. On February 18, 2021 the warrants were repurchased by Lundbergs at market value. The purchase price per warrant were SEK 123.94, meaning a total purchase price of SEK 9.3 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, 2021 was SEK 2.1 m.

In 2017, Lundbergs issued a total of 100,000 warrants to senior executives of Indutrade in return for market-based payment. On July 20, 2021 the warrants were repurchased by Lundbergs at market value. The purchase price per warrant were SEK 482.82, meaning a total purchase price of SEK 48.3 m.

In 2021, Lundbergs issued a total of 300,000 warrants to senior executives of Indutrade in return for market-based payment. Premiums paid amounted to SEK 22.60 per warrant. 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, 2021 was SEK 14.9 m.

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, 2021 was SEK 13.9 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 1.2 m. (1.2). No variable or other types of remuneration were received.

At December 31, 2021, via his wholly owned company Förvaltnings AB Lunden (including subsidiaries), Fredrik Lundberg and his wife directly or indirectly held 70.60% (70.95) of the voting rights and 40.76% (42.33) 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% (11.21) of the voting rights and 14.79% (13.98) of the share capital in L E Lundbergföretagen AB (publ).

The total remuneration paid to a particular Board Member is stated in Note 6.

NOTE 35 — PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK m.	2021	2020
Pledged assets		
Real estate mortgages	2,252	1,252
Other commitments	25	21
	2,277	1,273
Contingent liabilities		
Other contingent liabilities	95	87

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.

NOTE 36 — 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 On December 31, 2021, Holmen's forest assets amounted to SEK 47,080 m. (43,202), of which biological assets accounted for SEK 29,204 m. (28,663) and forest land for SEK 17,876 m. (14,538). A deferred tax liability of SEK 9,664 m. (8,840) 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 14 and Note 17.

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 18.

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 31.

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 Holmen has claimed relief related to tax losses in a Spanish subsidiary that was liquidated. The deductions correspond to SEK 389 m. in tax, but no tax receivable has been recognized.

NOTE 37 – 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, 2021

Maturity	SEK m.	Proportion, %
2022	3,673	16
2023	6,564	29
2024	3,062	14
2025	3,443	15
2026-	5,592	25
	22,334	100

¹⁾ Excluding pension obligations of SEK 204 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2022	2023	2024	2025	2026-
Financial liabilities					
Derivatives	23	-4	16	18	1
Derivatives attributable to working capital	91	17	11	4	4
Accounts payable	3,190				
Liabilities, right-of-use assets	87	68	58	37	738
Other financial liabilities	3,181	6,683	3,117	4,384	4,560
Financial assets					
Derivatives	7	4	5	6	4
Derivatives attributable to working capital	885	133	32	23	4
Accounts receivable	2,443				
Other financial assets	2,251	36	38	37	191

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, 2021, Lundbergs' interest-bearing net debt totaled SEK 7,137 m. (6,749), of which interest-bearing liabilities and interest-bearing pension provisions accounted for SEK 7,658 m. (7,230) and interest-bearing assets for SEK 522 m. (481). The average capital maturity was 34 months (43). The maturity structure for financial liabilities is presented in the table below. In addition to raised loans of SEK 7.4 bn., Lundbergs had committed long-term lines of credit totaling SEK 1.5 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 0 m. had been utilized on December 31, 2021.

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, 2021, SEK 6.4 bn. had been utilized.

Financial liabilities¹, Dec 31, 2021

Maturity	SEK m.	Proportion, %	Average effective interest rate, %
2022	602	8	1.6
2023	2,997	40	1.1
2024	1,002	13	0.8
2025	1,500	20	1.0
2026-	1,406	19	0.8
	7,510	100	1.0

¹⁾ Excluding pension obligations of SEK 148 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2022	2023	2024	2025	2026-
Financial liabilities					
Derivatives		-8	14	17	
Accounts payable	117				
Liabilities, right-of-use assets	5	2	2		6
Other financial liabilities	630	3,037	1,035	1,926	1,012
Financial assets					
Accounts receivable	23				
Other financial assets	522				

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 32 months (43) at December 31, 2021. 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 2021 by approximately SEK 1 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 13% 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 31 m. (25), of which SEK 21 m. (18) 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.

Share risk

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 194 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 21, totals SEK 19,381 m.

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 safeguarding financing at a cost and risk that are as low as possible. The finance function includes instructions, systems and a division of responsibilities for achieving efficient internal control and follow-up of the operations.

NOTE 37 – cont.

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 9,200 m. at year-end. The average interest rate maturity was 2.2 years (1.8), the average capital maturity period 2.6 years (2.6) and the average effective interest rate 1.3% (1.3). Net debt was SEK 8,734 m. compared with SEK 8,586 m. at the end of 2020. At December 31, 2021, Hufvudstaden had long-term committed lines of credit of SEK 4.5 bn., of which SEK 3.5 bn. was unutilized. Of these amounts, SEK 0.5 bn. was reserved to cover outstanding commercial papers. In addition, there were commercial paper programs of SEK 3 bn., of which SEK 2.5 bn. was unutilized, and MTN programs of SEK 12 bn., of which SEK 4.3 bn. was unutilized. The company has satisfactory margins to the creditors' covenants in the loan agreements.

Financial liabilities¹, Dec 31, 2021

Maturity	SEK m.	Proportion, %
2022	1,817	18
2023	2,595	25
2024	1,062	10
2025	1,544	15
2026-	3,224	31
	10,241	100

¹⁾ Excluding pension obligations of SEK 32 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2022	2023	2024	2025	2026-
Financial liabilities					
Accounts payable	237				
Liabilities, right-of-use assets	9	7	5	1	693
Other financial liabilities	1,808	2,588	1,057	1,543	2,531
Financial assets					
Accounts receivable	27				
Other financial assets	1,182				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, 2021 was 2.2 years. Of the longterm borrowing, SEK 6,500 m. have fixed interest rate. A change in the market interest rate (STIBOR 3 months) by +1 percentage point, assuming an unchanged loan volume and interest rate maturities, would increase Hufvudstaden's interest expense in 2022 by SEK 17 m. (23) and a change in the market interest rate of minus 1 percentage point would reduce interest expense by SEK 10 m. (16). The difference between the interest expense is due to certain agreements being subject to interest rate floors.

Maturity structure, Dec 31, 2021

Maturity	Liabilities ¹ , SEK m.	Proportion, %	Average effective interest rate, %
2022	2,700	29	1.4
2023	2,000	22	1.3
2024	1,000	11	1.4
2025	1,000	11	1.0
2026	2,500	27	1.2
	9,200	100	1.3

¹⁾ Excluding liabilities for right-of-use assets of SEK 716 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 27 m. respectively SEK 1,182 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.

HOLMEN

The financial position must be strong to provide the latitude to make longterm business decisions. Financial net debt must not exceed 25% of shareholders' equity.

Currency risk

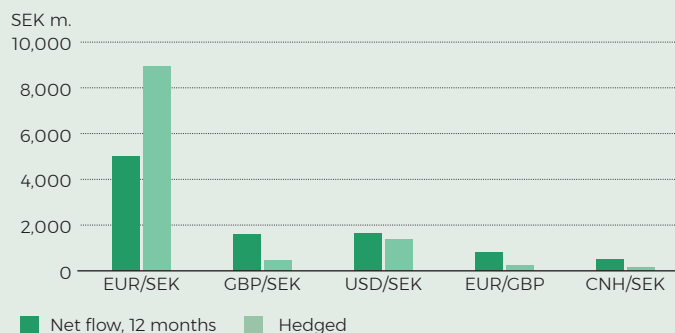
Holmen's earnings are affected by fluctuations in exchange rates. The risk associated with transaction exposure pertains to considerable amounts of sales in currencies other than the cost currency. The risk associated with translation exposure derives from translation of the non-Swedish subsidiaries' 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 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 10.49. For other currencies, four to ten months of flows are hedged.

At year-end, hedging of GBP amounted to GBP 34 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.



NOTE 37 – cont.

The result of currency hedges is recognized in profit or loss in pace with recognition of the hedged item and amounted to SEK 120 m. in 2021 (neg: 16), with the remainder recognized in other comprehensive income, since hedge accounting is applied. The market value of outstanding currency hedges at December 31, 2021 was SEK 103 m. (466).

The translation of net foreign assets had an impact of SEK 180 m. (neg: 187) on consolidated equity. The fair value of outstanding hedges of net assets at December 31, 2021 had negative effect of SEK 12 m. (pos: 7) 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 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 480 m. per year.

SEK m.	Net
SEK against EUR	45
SEK against USD	14
SEK against GBP	59
SEK against other currencies	47

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, 2021 amounting to SEK 4,101 m., corresponding to 9% of shareholders' equity. SEK 736 m. of financial liabilities matures during 2022. 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, 2021

Maturity	SEK m.	Proportion, %
2022	807	17
2023	1,060	22
2024	1,055	22
2025	941	19
2026-	1,027	21
	4,890	100

¹) Excluding pension obligations of SEK 24 m.

The maturity structure of undiscounted amounts is presented below.

SEK m.	2022	2023	2024	2025	2026-
Financial liabilities					
Derivatives	23	4	2	1	1
Derivatives attributable to working capital	91	17	11	4	4
Accounts payable	2,836				
Liabilities, right-of-use assets	73	59	51	36	39
Other financial liabilities	743	1,028	1,025	915	1,017
Financial assets					
Derivatives	7	4	5	6	4
Derivatives attributable to working capital	885	133	32	23	4
Accounts receivable	2,393				
Other financial assets	547	36	38	37	166

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 2021 was 1.2%. In 2021, the long-term fixed interest maturities increased by a total of SEK 500 m. over six years. The table below shows Holmen's fixed interest maturities by currency.

Maturity structure, Dec 31, 2021

	-1 year	1-3 years	3-5 years	>5 years	Pension provisions	Right-of-use agreements	Total
SEK	1,118	1,000	1,400		16	159	3,693
EUR	-121				8	74	-39
GBP	492					6	498
Other currencies	-56					5	-51
	1,433	1,000	1,400		24	244	4,101

An increase of half of a percentage point in the average market interest rate from the year-end level would have a negative impact of some SEK 7 m. on earnings in 2022. On December 31, 2021, the market value of the derivatives used to steer interest rate maturities was SEK 13 m. (neg: 3), which was recognized in other comprehensive income since hedge accounting is applied. This amount is expected to be recognized in profit and loss in 2022 and later.

Price risk

The costs for input goods in 2021 were slightly lower than in 2020. Net consumption of electricity has been price hedged at a rate of 70% for 2021 and 85% for 2022 and 20-65% for 2023-2024. Based on prevailing hedges, an increase in the price of electricity by 50% would impact shareholders' equity by SEK 1,282 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. In net terms, the group's own electricity production corresponds to nearly 50% of total electricity consumption. 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 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 as they mature and, in 2021, amounted to SEK 215 m. (neg: 82). The market value of outstanding financial electricity hedges at December 31, 2021 was SEK 838 m. (14). 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, 2021, Holmen had outstanding derivative contracts with a nominal value of SEK 18 bn. and a net market value of SEK 946 m. 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, 2021, Holmen's accounts receivable amounted to SEK 2,393 m., of which 34% (32) was insured against credit losses. During the year, no credit losses on trade receivables had an impact on profit (neg: 14). Sales to the five largest customers accounted for 14% of Holmen's total sales in 2021.

**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. The deductible varies between different plants. 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 38 – EVENTS AFTER THE BALANCE-SHEET DATE

No events of material significance have occurred after the balance sheet date.

NOTE 39 – GROUP COMPANIES

Holdings in subsidiaries ¹	Registered office	Country	Number of shares Dec 31, 2021	Percentage of share capital ²	
				2021	2020
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	94,591,680	46.8	46.2
AB Citypalatset	Stockholm	Sweden	1,200	100	100
AB Nordiska Kompaniet	Stockholm	Sweden	19,460,666	100	100
Aktiebolaget Hamngatagaraget	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
GBC 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 Sågverk 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
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
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
Iggesund Paperboard Ltd	Workington	United Kingdom		100	100
Iggesund Paperboard Asia 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, 2021 was 88.5% (88.4) and for Holmen 62.3% (62.3).

NOTE 40 – 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
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, %	2021	2020
Companies that have signed the UN Global Compact	67	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, %	2021	2020
Companies that have signed the UN Global Compact	89	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	89	89

EQUALITY, GROUP

Gender breakdown, women, %	2021	2020	
Employees	29	23	
Managers	27	24	
Management groups	21	25	
Board of Directors	27	27	
Age breakdown 2021, %	<30 years	30-50 years	>50 years
Employees	13	37	50
Management groups	0	26	74
Board of Directors	0	23	77

NOTE 40 – cont.**GREENHOUSE GAS EMISSIONS, TONS CO₂e**

Group	2021	2020
Scope 1	96,660	79,357
Scope 2	65,901	44,436
Scope 3	576,113	498,105
Total emissions	738,674	621,898

Lundbergs	2021	2020 ¹
Scope 1	41	28
Scope 2	5,631	5,306
Scope 3	22,321	35,013
Total emissions	27,994	40,347

Hufvudstaden	2021	2020
Scope 1	19	329
Scope 2	770	630
Scope 3 ²	3,092	3,092
Total emissions	3,880	4,051

Holmen	2021	2020
Scope 1	96,600	79,000
Scope 2	59,500	38,500
Scope 3	550,700	460,000
Total emissions	706,800	557,500

¹ Measurement 2020 refers predominantly to data from 2019.

² Figures for 2021 are used as an approximation for 2020.

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. Of the portfolio companies, eight of nine have set measurable climate targets and six of these have set, or undertaken to set, climate targets according to Science Based Targets.

Work environment

A total of 40 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.

Income statement

PARENT COMPANY, SEK m.	Note	2021	2020
Personnel costs	2	-16	-13
Depreciation	3	-1	-1
Other external costs	4	-17	-22
Operating loss		-33	-36
Result from financial items	5		
Result from participations in Group companies		1,030	1,058
Result from participations in associated companies		919	98
Result from other securities and receivables classed as fixed assets		884	69
Interest income		58	51
Interest expense and similar costs		-134	-85
Profit after financial items		2,724	1,154
Appropriations	6	-68	132
Profit before taxes		2,656	1,286
Tax	7	-112	-19
Net profit for the year		2,544	1,267

Statement of comprehensive income

PARENT COMPANY, SEK m.	2021	2020
Net profit for the year	2,544	1,267
Other comprehensive income		
<i>Items that cannot be transferred to profit or loss</i>		
Financial assets measured at fair value	3,071	-376
Tax attributable to other comprehensive income	-518	73
	2,553	-303
Total comprehensive income for the year	5,097	963

Balance sheet

PARENT COMPANY, SEK m.	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>	8	7	7
<i>Financial fixed assets</i>			
Participations in Group companies	9	6,991	6,838
Participations in associated companies	10	17,586	16,488
Financial investments	11	19,381	15,234
Other long-term receivables	12		2
Total financial fixed assets		43,959	38,562
Total fixed assets		43,966	38,570
Current assets			
<i>Current receivables</i>			
Receivable from Group companies	12,13	5,454	5,640
Other operating receivables		9	10
Total current receivables		5,463	5,649
Cash and cash equivalents	12,14	522	479
Total current assets		5,984	6,127
TOTAL ASSETS		49,950	44,697
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		8,735	6,182
Earnings brought forward		26,694	26,295
Net profit for the year		2,544	1,267
Total shareholders' equity		40,453	36,224
Untaxed reserves	16	736	667
Provisions	17	1,261	743
Long-term liabilities			
Long-term financial liabilities	12	6,900	7,000
Other long-term liabilities		31	29
Total long-term liabilities		6,931	7,029
Current liabilities			
Liabilities to Group companies	12,13	2	0
Other financial liabilities	12,13	523	13
Tax liabilities		32	4
Other current liabilities	18	12	18
Total current liabilities		570	35
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		49,950	44,697

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, 2020	2,480	6,485	24,640	1,655	35,260
Distribution of profits			1,655	-1,655	
Total comprehensive income for the year		-303		1,267	963
SHAREHOLDERS' EQUITY ON DEC 31, 2020	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

Cash flow statement

PARENT COMPANY, SEK m.	Note 14	2021	2020
Operating activities			
Profit after financial items		2,724	1,154
Adjustment for items not included in cash flow		-211	22
Income tax paid		-84	-16
		2,429	1,160
Change in current receivables		1	-5
Change in current liabilities		-20	-2
CASH FLOW FROM OPERATING ACTIVITIES		2,410	1,153
Investing activities			
Acquisition of tangible fixed assets		-0	
Acquisition of financial assets		-2,088	-1,289
Divestments of tangible fixed assets			0
CASH FLOW FROM INVESTING ACTIVITIES		-2,088	-1,289
Financing activities			
Loans raised		1,100	4,000
Loans repaid		-511	-3,824
Dividend paid		-868	
CASH FLOW FROM FINANCING ACTIVITIES		-279	177
CASH FLOW DURING THE YEAR		43	40
Cash and cash equivalents on January 1		479	438
Cash and cash equivalents on December 31		522	479

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.

NOTE 2 – PERSONNEL COSTS FOR EMPLOYEES

Information regarding the Parent Company's employees and personnel costs is presented in Note 6 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.	2021	2020
Costs for defined-benefit plans	2	2

The above cost includes SEK 2.2 m. (1.7) for ITP plan commitments funded in Alecta.

NOTE 3 – DEPRECIATION ACCORDING TO PLAN

SEK m.	2021	2020
Machinery and equipment	1	1

NOTE 4 – FEES AND REMUNERATION PAID TO THE AUDITORS

SEK m.	2021	2020
Remuneration to auditors		
Auditing assignments	1.0	0.8
Other assignments		0.2
	1.0	1.0

The costs in 2021 refer to PricewaterhouseCoopers AB and the costs in 2020 refers to KPMG AB.

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 5 – FINANCIAL ITEMS

Dividends, SEK m.	2021	2020
Group companies	1,030	1,058
Associated companies	919	98
Other securities and receivables classed as fixed assets	884	69
	2,833	1,224

Interest income, SEK m.	2021	2020
Interest income, Group companies	58	51
	58	51

Interest expense and similar costs, SEK m.	2021	2020
Interest expenses, Group companies	-0	-0
Interest expenses, others	-80	-58
Others	-54	-27
	-134	-85

NOTE 6 – APPROPRIATIONS

SEK m.	2021	2020
Difference between book depreciation and depreciation according to plan, Equipment	-0	-0
Tax allocation reserve, provision during the year	-182	-30
Tax allocation reserve, reversal during the year	113	88
Group contribution received	1	91
Group contribution granted		-18
	-68	132

NOTE 7 – TAX

SEK m.	2021		2020			
Current tax cost during the year	-112		-19			
	2021		2020			
Reconciliation of effective tax	SEK m.	%	SEK m.	%		
Profit before taxes	2,656		1,286			
Swedish income tax rate	-547	21	-275	21		
Non-tax-deductible costs	-9	0	-4	0		
Non-taxable revenues	445	-17	262	-20		
Standard tax on tax allocation reserve	-1	0	-1	0		
Others			-1	0		
Reported effective tax	-112	4	-19	1		
	2021		2020			
Tax attributable to other comprehensive income	Before tax	Tax	After tax	Before tax	Tax	After tax
Fair value of participations	3,071	-518	2,553	-376	73	-303

NOTE 8 – TANGIBLE FIXED ASSET

Equipment, SEK m.	2021	2020
Accumulated acquisition value		
Opening balance	12	12
Investments	0	
Divestments and scrappage during the year	-0	
	12	12
Accumulated depreciation according to plan		
Opening balance	-5	-5
Divestments and scrappage during the year	0	
Depreciation according to plan during the year	-1	-1
	-5	-5
Closing balance	7	7

NOTE 9 – PARTICIPATIONS IN GROUP COMPANIES

SEK m.	2021		2020					
Accumulated acquisition value								
On January 1	6,838		6,838					
Divestments				-0				
Investments	153							
	6,991		6,838					
Specification of direct holdings of participations in subsidiaries	Corp. Reg. No.	Headquarters	No. of shares	Holding as a %¹		Fair value	Carrying amount	
			Dec 31, 2021	2021	2020	Dec 31, 2021	2021	2020
Fastighets AB L E Lundberg	556049-0483	Norrköping	250,000	100	100		165	165
L E Lundberg Kapitalförvaltning AB	556188-2290	Stockholm	150,000	100	100		15	15
Holmen AB	556001-3301	Stockholm	55,244,000	34.1 (62.3)	34.1 (62.3)	24,440	3,828	3,828
Hufvudstaden AB ²	556012-8240	Stockholm	94,591,680	46.8 (88.5)	46.2 (88.4)	12,899	2,984	2,830
Other direct holdings							0	0
						37,339	6,991	6,838

¹⁾ The proportion of share capital and voting rights is calculated after a deduction for treasury shares. The proportion of voting rights is presented within parentheses to the right of the proportion of share capital if these two percentages are not identical.

²⁾ The market value of Series C shares has been calculated based on a 10% premium on the price of publicly traded Series A shares.

For information on indirectly owned subsidiaries, see Group Note 39.

NOTE 10 – PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK m.	2021		2020					
On January 1	16,488		15,905					
Investments	858		582					
Shares received through dividend	240							
	17,586		16,488					
Specification of direct holdings of participations in subsidiaries	Corp. Reg. No.	Headquarters	No. of shares	Holding as a %¹		Fair value	Carrying amount	
			Dec 31, 2021	2021	2020	Dec 31, 2021	2021	2020
Husqvarna AB	556000-5331	Jönköping	43,542,012	7.6 (25.4)	7.6 (25.2)	6,281	2,021	2,021
AB Industrivärden	556043-4200	Stockholm	81,000,000	18.8 (24.9)	17.7 (24.0)	23,305	13,055	11,957
Indutrade AB	556017-9367	Stockholm	96,840,000	26.6 (26.6)	26.6 (26.6)	26,844	2,510	2,510
						56,430	17,586	16,488

¹⁾ The proportion of share capital and voting rights is calculated after a deduction for treasury shares. The proportion of voting rights is presented within parentheses to the right of the proportion of share capital. Further information about the Parent Company's associated companies is presented in Notes 2 and 20 in the Group.

NOTE 11 – FINANCIAL INVESTMENTS

SEK m.	2021		2020	
Accumulated acquisition value				
On January 1		15,234		14,904
Investments		1,076		706
Year's changes in value		3,071		-376
		19,381		15,234
	Shareholding, Dec 31, 2021 as a % of		SEK m.	
	share capital	voting rights	2021	2020
Financial assets ^{1,2}				
Handelsbanken A	2.8	2.9	5,480	4,543
Sandvik	2.7	2.7	8,588	6,039
Skanska A ³	5.4	13.0	1,554	1,391
Skanska B			3,759	3,261
			19,381	15,234

¹⁾ Measured at fair value through other comprehensive income.

²⁾ Fair value at December 31, 2021 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.	2021		2020	
Acquisition value of listed shares				
On January 1		9,643		8,937
Investments		1,076		706
		10,720		9,643
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		6,925		7,301
Changes in value		3,071		-376
		9,996		6,925
		19,381		15,234

NOTE 12 – 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 163 m. (neg: 13), 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	
	2021	2020	2021	2020
Long-term financial receivables				
Other financial receivables		2		2
		2		2
Current financial receivables				
Other financial receivables	5,463	5,649	5,463	5,649
	5,463	5,649	5,463	5,649
Cash and cash equivalents				
Bank balances	522	479	522	479
	522	479	522	479
Long-term financial liabilities				
Bond loans	5,900	6,000	5,843	6,069
Bank loans	1,000	1,000	1,004	1,005
	6,900	7,000	6,847	7,074
Current financial liabilities				
Bond loans	500		503	
Accrued interest	23	13	23	13
Other current liabilities	2	0	2	0
	525	13	528	13

¹⁾ All items are recognized at accrued acquisition value.

Financial instruments not included in net financial debt

SEK m.	2021	2020
Assets		
Participations in Group and associated companies ¹	24,398	23,146
Financial investments ²	19,381	15,234
Shares in unlisted companies ³	180	180
Accounts receivable	0	0
Liabilities		
Accounts payable	2	1
Derivatives recognized among operating liabilities ³	31	36

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, 2021

Maturity	SEK m.	Proportion, %
2022	523	7
2023	3,000	40
2024	1,000	14
2025	1,500	20
2026-	1,400	19
	7,423	100

NOTE 13 – RELATED PARTIES

Subsidiaries, SEK m.	2021	2020
Interest received from related parties	58	45
Interest paid to related parties	0	
Receivable from related parties, Dec 31	5,454	5,640
Debt to related parties, Dec 31	2	0
Key personnel in executive positions, SEK m.	2021	2020
Sales to related parties	12	11
Debt to related parties, Dec 31	76	45

Transactions with related parties have been priced on commercial terms and is described in the Group's Note 34.

NOTE 13 – cont.**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% (70.95) of the voting rights and 40.76% (42.33) of the share capital in L E Lundberg-företagen 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% (11.21) of the voting rights and 14.79% (13.98) of the share capital in L E Lundbergföretagen AB (publ).

The total remuneration paid to a particular Board member is stated in Note 6 to the consolidated financial statements.

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.	2021	2020
Interest received	58	51
Interest paid	-96	-65
Dividends received	2,593	1,224
	2,555	1,210

Cash and bank balances ¹ , SEK m.	2021	2020
Bank balances	522	479

¹ The overdraft facility granted totals SEK 100 m. (100).

Under the MTN program, SEK 400 m. (1,500) was borrowed on a long-term basis and nothing (SEK 0 m.) was repaid.

Under the commercial paper program, a total of SEK 700 m. (1,500) was borrowed on a short-term basis, divided among several loans, and SEK 700 m. (2,300) was repaid.

Instrument	2021	Cash flow	Market revaluations	2020
Bond loans	6,400	400		6,000
Bank loan	1,000			1,000
Derivatives	31	-49	44	36
Others	23	9		13
	7,454	360	44	7,050

Instrument	2020	Cash flow	Market revaluations	2020
Commercial papers		-800		800
Bank loan	1,000	1,000		
Bond loans	6,000	1,500		4,500
Derivatives	36		22	14
Others	13	-4		17
	7,050	1,696	22	5,332

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.	2021	2020
Opening value	6,182	6,485
Changes in value	3,071	-376
Tax attributable to changes in value	-518	73
	8,735	6,182

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 37,972,697,905.

The Board of Directors proposes that the AGM on April 6, 2022 approve a dividend of SEK 3.75 per share. The proposed dividend totals SEK 930 m. The Board of Directors also proposes that the remaining amount of SEK 37,042,697,905 be carried forward.

In the preceding year, a dividend of SEK 3.50 per share (SEK 868 m.) was paid.

Other information is presented in Note 28 for the Group.

NOTE 16 – UNTAXED RESERVES

SEK m.	2021	2020
Equipment		
Opening balance	0	0
Accelerated depreciation during the year	-0	-0
Closing balance	0	0
Tax-allocation reserves		
Reserved for 2015 fiscal year		113
Reserved for 2016 fiscal year	87	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	
	735	666
	736	667

Of untaxed reserves, deferred tax accounts for SEK 152 m. (143).

NOTE 17 – PROVISIONS

Provisions for taxes, SEK m.	2021	2020
Holdings of securities measured at fair value		
On January 1	743	815
Provisions during the year	518	-73
	1,261	743

NOTE 18 – OTHER CURRENT LIABILITIES

SEK m.	2021	2020
Accounts payable	2	1
Other liabilities	0	0
Accrued expenses and deferred income	10	17
	12	18

NOTE 19 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

No assets were pledged.

Contingent liabilities in favor of subsidiaries amount to SEK 79 m. (77).

Proposed allocation of earnings

The Board of Directors proposes that the funds available for distribution by the Annual General Meeting, an amount of SEK 37,973 m. (SEK 37,972,697,905), be distributed as follows:

To shareholders, a dividend of SEK 3.75 per share	SEK 930 m.
To be carried forward	SEK 37,043 m.
	SEK 37,973 m.

The company has 248,000,000 registered shares. The sum total of the proposed dividend above, SEK 930 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 24, 2022. 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 6, 2022. Friday, April 8, 2022 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 Wednesday April 13, 2022.

Stockholm, February 24, 2022

Mats Guldbrand
Chair of the Board

Carl Bennet
Member of the Board

Lilian Fossum Biner
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 28, 2022

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 2021 except for the corporate governance statement and statement on the Statutory Sustainability Report on pages 54-57 respective 22-29 as well as 87-88. The annual accounts and consolidated accounts of the company are included on pages 22-29 and 47-95 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 2021 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 2021 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 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 Board of Directors 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.

Other matter

The audit of the annual accounts and consolidated accounts for year 2020 was performed by another auditor who submitted an auditor's report dated 1 March 2021, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 76,688 m. as of December 31, 2021. 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 FOREST ASSETS

The Group's forest assets amount to SEK 47,080 m. and constitute a significant item in the consolidated accounts.

The assets are divided into biological assets that are reported in accordance with IAS 41 Agriculture and land that are reported in accordance with IAS 16 Property, Plant and Equipment.

In the balance sheet, forest assets are reported at fair value and the methods for valuing forest assets and important assumptions are shown in Note 17 in the Annual Report.

The valuation process is complex as it requires assessments and assumptions, among other things regarding market statistics and the division of the total value of land and biological assets.

Significant assessments include the scope and completeness of market statistics, local prices, discount rates and timber prices and felling costs. The valuation is classified as a Level 3 valuation in accordance with IFRS 13. In view of the size of the item and the inherent complexity, the valuation of the Group's forest assets is a particularly important area 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 and reviewed the Group's process and method for valuation of forest assets.
- Examined allocation of value between biological assets and land assets
- Examined the reasonableness of the assumptions on which the Group's valuation is based.
- Verified the valuation model for mathematical correctness and the company's process for producing input data.
- Examined that the information provided on the model and assumptions on which the valuation is based is consistent with the company's own input data in the valuation model, in particular assumptions about timber prices, harvest plans and costs for forest management and harvesting.
- In-house valuation specialists have examined the Group's calculation of the long-term average weighted capital cost and evaluated the sensitivity of the calculations.

VALUATION OF FINANCIAL FIXED ASSETS

The Parent Company's financial fixed assets as of December 31, 2021 amount to SEK 43,959 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 2021.
- 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 100-105. 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/revisornsansvar. 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 2021 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/revisornsansvar. 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 2021.

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 Lundbergföretagen 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 ensuring that the Esef report has been prepared 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 form an opinion with 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 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 audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement 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. 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 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 reasonable assurance engagement 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated income statement, balance sheet, statement of changes in equity and the cash flow statement.

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 on pages 22-29 and 87-88 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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.

Opinion

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of L E Lundbergföretagen AB (publ) by the general meeting of the shareholders on the April 15, 2021 and has been the company's auditor since then.

Stockholm February 28, 2022
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorized Public Accountant

Board of Directors



Mats Guldbrand

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 in Carl Bennet AB
Chair of the Board of Elanders and Lifco
Deputy Chair of Arjo and Getinge
Board member of Holmen
Number of shares: 400,000



Lilian Fossum Biner

Born 1962
M. Sc. Economics
Elected to the Board in 2014
Board member of a-connect, Alfa Laval,
Carlsberg, Givaudan and Scania
Number of shares: 2,000



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, Hufvudstaden and Holmen
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, Hufvudstaden, Holmen
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, Husqvarna and
Fidelio Capital
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
Chair of the Board of KP Komponenter A/S
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 nine members without deputies, all elected by the Annual General Meeting. In 2021, the number of board meetings amounted to five, 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



LUNDBERGS
FASTIGHETER



Senior executives Lundbergs Fastigheter

Louise Lindh

Born 1979, employed since 2005
President
Number of shares (including family):
36,677,204

Peter Kjell-Berger

Born 1968, employed since 2021
Chief Accountant

Lisa Lundh

Born 1976, employed since 2018
Head of Marketing and Communications

Johan Ladenberg

Born 1966, employed since 2005
Executive Vice President
Head of Rental and Property
Administration
Number of shares: 6,100

Johan Sandborgh

Born 1979, employed since 2009
Regional Manager Stockholm
Head of Sustainability
Number of shares: 163

Christian Claesson

Born 1980, employed since 2015
Regional Manager East
Head of Business Development

Peter Lundgren

Born 1970, employed since 1994
Regional Manager West
Number of shares: 5,200

Jonas Thyrsen

Born 1976, employed since 2010
Head of Property Development
Number of shares: 400

Annual General Meeting (AGM) and financial reports

In light of the risk of the spread of COVID-19, the Board of Directors (the "Board") has decided pursuant to temporary legislation that the Meeting will be conducted without physical presence, by shareholders exercising their voting rights only by postal voting. Information about the decisions made by the Meeting will be published on April 6, 2022, as soon as the outcome of the postal voting has been compiled.

Information about the AGM

The Annual General Meeting of L E Lundbergföretagen will take place on Wednesday April 6, 2022.

Registration and voting

A shareholder who wishes to participate in the Meeting, through postal voting must be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB on Tuesday March 29, 2022 and give notice of intent to participate to the Company by submitting its postal vote so that the postal vote is received by L E Lundbergföretagen no later than Tuesday April 5, 2022.

Notification can be made in any of the following manners:

- **through the companys website** www.lundbergforetagen.se
- **by post to** Computershare AB, "L E Lundbergföretagens AGM 2022", Box 5267, SE-102 46 Stockholm, Sweden
- **by e-mail to** info@computershare.se

Shareholders may not assign specific instructions or conditions to the postal vote; they are only to choose one of the options at each item. The postal voting form will be deemed to be invalid in its entirety if this happens.

The voting form, together with attached power of attorney and authorization documentation if needed, must be received by L E Lundbergföretagen no later than Tuesday April 5, 2022. Votes that are received later will be ignored.

In order to be entitled to participate in the Meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the Meeting by submitting its postal vote, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of Tuesday March 29, 2022. 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 3.75 per share. Friday April 8, 2022 is proposed as the record date for payment of dividends. If the AGM approves the Board's proposal, it is estimated that the dividends will be distributed by Euroclear Sweden AB on Wednesday April 13, 2022.

Financial information

The following financial statements will be published in Swedish and English on our www.lundbergforetagen.se website.

May 24, 2022	Interim Report January - March 2022
August 25, 2022	Interim Report January - June 2022
November 24, 2022	Interim Report January - September 2022
February, 2023	Year-End Report for 2022

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

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Evan Pantiel 36, Sandvik 30, 44, John Sandlund 28, Fredrik Schlyter 27, Andreas Skog 2, Klas Svensson 41,

Rafał Tomczyk 30, Mikkel Walle 45.



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