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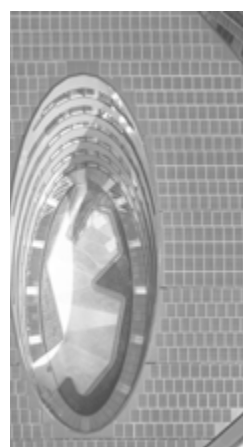
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The official Annual Report comprises the Report of the Board of Directors and the financial statements, plus the notes and comments on pages 22-29 and 46-95. The statutory sustainability report in accordance with the Annual Accounts Act is included in the Annual Report (pages 22-29). 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	46.2 (88.4)
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Holmen	34.1 (62.3)
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ASSOCIATED COMPANIES

Industrivärden	17.7 (24.0)
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Indutrade	26.6 (26.6)
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Husqvarna Group	7.6 (25.2)
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MAJOR SHAREHOLDINGS

Handelsbanken	2.8 (2.9)
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Sandvik	2.5 (2.5)
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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 23, 2021.

The Lundberg share

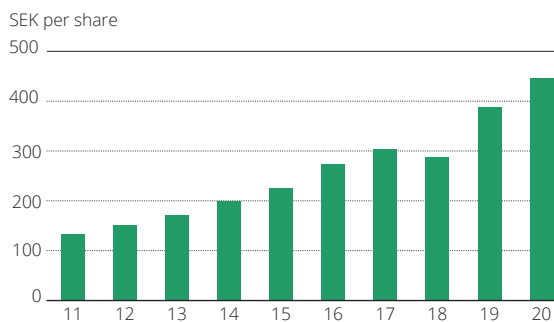
Through growth in dividends and net asset value, Lundbergs' objective is to generate a return for shareholders that comfortably meets the market's return requirement.

Net asset value (total assets less liabilities and deferred tax) amounted to SEK 446 per share at December 31, 2020. Net asset value per share over the past 10-year period has grown on average by 11.5% per year.

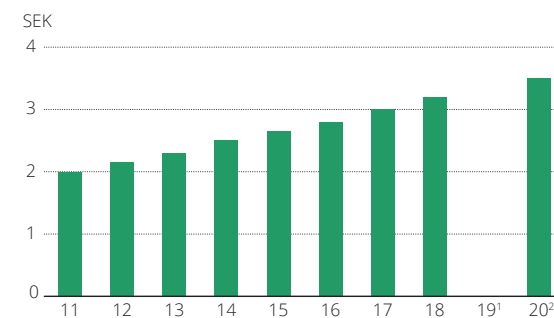
Lundbergs aims to provide shareholders with favorable and steady dividend growth over time. The Board of Directors' proposal to the 2021 Annual General Meeting (AGM) is a dividend of SEK 3.50 per share. At the 2020 AGM, the Board of Directors decided not to propose a dividend to the shareholders. The reasons were uncertainty concerning the COVID-19 pandemic and that only limited dividends were received from our portfolio companies. Dividend growth over the past 10-year period has averaged 6.4% per year.

The Lundbergs share's total return over the past 10 years has grown on average by 14.8% per year. The Stockholm Stock Exchange's annual total return over the same period was 11.4% per year.

Net asset value after deferred tax



Dividend

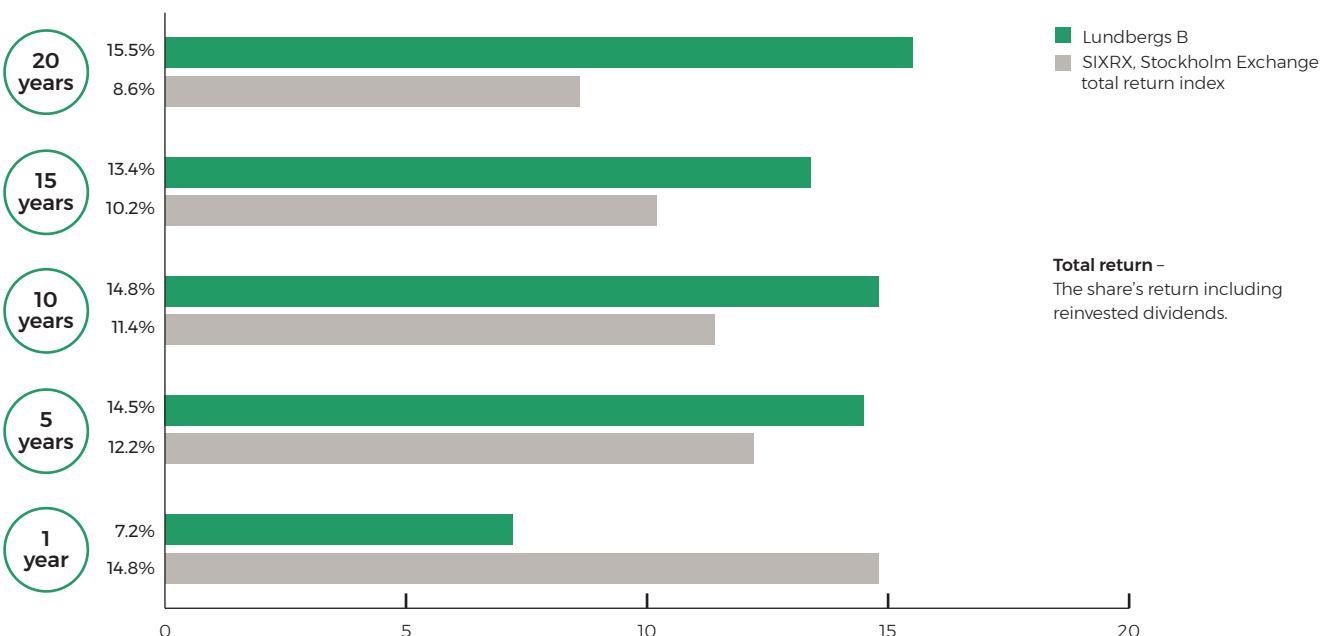


¹ No dividend paid.

² The Board of Directors' proposal.

Total return on the Lundberg share

AVERAGE PER YEAR



The year in brief

- On December 31, 2020, net asset value after deferred tax amounted to SEK 446 per share (388).
- Consolidated net sales amounted to SEK 19,887 m. (21,655).
- Profit after financial items totaled SEK 4,471 m. (23,335).
- Profit after financial items excluding impairment losses and unrealized changes in value amounted to SEK 6,058 m. (9,760).
- A dividend of SEK 3.50 per share is proposed.
- In the Parent Company, SEK 1,289 m. was invested in publicly traded shares, and in the wholly owned business, Lundbergs Fastigheter, SEK 733 m. was invested in new construction and refurbishment.

Earnings and key data

	2020	2019
Net asset value after deferred tax, SEK billion	110.7	96.3
Net asset value per share after deferred tax, SEK	446	388
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	344	327
Net sales, SEK m.	19,887	21,655
Profit after financial items, SEK m.	4,471	23,335
excluding impairment losses and unrealized changes in value, SEK m.	6,058	9,760
Profit after tax, SEK m.	4,108	19,535
of which, non-controlling interests, SEK m.	517	7,607
Earnings per share attributable to the Parent Company's shareholders, SEK	14.48	48.09
Dividend/share, SEK	3.50 ¹	0.00
Debt/equity ratio, multiple	0.15	0.14
Equity/assets ratio, %	72	72

¹ The Board of Directors' proposal.

Letter from the CEO

When we summarize the 2020 stock market year, we can conclude that the total return on the Swedish stock exchange was 15%. However, the year was challenging in many respects, with rapid and powerful shifts.

When the pandemic became a fact in February/March, stock markets worldwide reacted by falling sharply. The lockdowns and restrictions on freedom of movement that followed in the wake of the pandemic resulted in a global recession. From the low point noted in the spring, we have witnessed a steady recovery in global economic activity, albeit with significant differences between industries and regions. Global stock markets performed strongly in pace with the economic recovery. From the year low at the end of March up to year-end, the Swedish stock exchange displayed growth of more than 60%. Robust and swift action by the world's leading central banks combined with large-scale fiscal policy measures were probably a key reason for the economic recovery and not least the strong stock market performance. As a result of companies' ability to swiftly adapt their operations and costs to the prevailing circumstances, their profitability was also significantly better in many cases than was feared last spring, which naturally contributed to the positive share price trend.

During the autumn, the spread of the COVID-19 virus gained new momentum in large parts of the world at the same time as the election in the United States and the ongoing Brexit negotiations gave rise to political uncertainty. However, the pharmaceutical industry's rapid development of vaccines and the publication of positive data from clinical trials meant that the positive trend could be maintained. Signals from central banks that the low interest-rate level is expected to be more prolonged probably also contributed to the strong performance of stock markets.

For Lundbergs, 2020 was a favorable year despite many challenges. Our business model is robust and stands firm, which means that we continue to invest in properties and in selected publicly traded companies. Lundbergs is directly, and indirectly through Industrivärden, exposed to a total of 12 publicly traded companies, as well as our wholly owned real estate business. All companies are of high quality with favorable potential to generate value in the future. It was impressive to see how our portfolio companies managed the



pandemic in 2020. Management across the companies is consistently strong, as is their financial position. In some of the companies, comprehensive cost-cutting measures were implemented, which helped to improve their competitiveness. The use of digital technology accelerated during the pandemic, which also helped to strengthen the companies' competitiveness. In addition, the focus on sustainability was 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. In order to strengthen these efforts, a Head of Sustainability was appointed during the year.

Lundbergs' role as an active 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 owner undertaking. This knowledge has been built up gradually over the years and requires patience and great commitment. Our relationships with the various companies could be summarized in the words responsibility and consideration.

For many years, I have emphasized the importance of management, decentralization and financial strength. I am entirely convinced that a company's success largely hinges upon how well it succeeds in managing these decisive issues. I believe that our portfolio companies have become increasingly stronger in these respects, which is part of the reason for their successes. The importance of ownership cannot be overestimated. I am therefore pleased and grateful to be able to say that we have highly competent people in key positions in our portfolio companies. The boards of directors' role is also important and not least that of the chairmen. Here too, I am very satisfied with how this is working.

The stock market has historically offered attractive opportunities for a healthy return and I believe it will continue to do so in the future. Active ownership also provides an opportunity for additional leverage. We have succeeded in this at Lundbergs, where the

excess return has been significant for extended periods of time. Over the past 20 years, Lundbergs' total return has been an average of 16% per year, compared with 9% for the corresponding stock market index. Continuity, perseverance and focus are key explanations for our success.

The current record-low level of interest rates has contributed greatly to the value trend on both the stock market and the property market. Monetary policy reflects the low rate of inflation, measured as the Consumer Price Index. However, the purchasing power of money in respect of assets has gradually eroded. Publicly traded shares, properties, art and other capital investments have steadily become increasingly expensive. The price of many service offerings has also increased significantly over the past decade. Accordingly, if the purchasing power of

money were to be measured in a different way, the rate of inflation over the past decade would be relatively high. The conclusion is that the value of nominal assets has declined significantly compared with real assets.

My assessment is that the historically low interest rates will continue for several years. This suggests that the return on real assets, assuming reasonable

economic growth, will continue to exceed the return on nominal assets. Lundbergs' business model is based on full investment in real assets over time, in the form of properties and shares in publicly traded companies. We combine this with a low financial risk through a low loan-to-value ratio. In good times, higher gearing would generate additional leverage, but instead we choose the safer path. We know that crises occur from time to time and then it is important to have financial strength and freedom of action.

The trend in the property market over the past ten years has been very strong. The relatively favorable economic development in society, the declining interest rates and the lack of alternative investments are the main reasons. The rental trend has generally been positive and the yield requirement has declined. Over the next few years, the value appreciation will probably be more modest. With continued low interest rates, however, the prospect that the yield requirement will decline further cannot be ruled out.

Retail properties will lose their attractiveness in certain areas, while residential properties should remain

“It was impressive to see how our portfolio companies managed the pandemic in 2020.”

interesting investment objects. Prime office properties in modern condition are also considered to be in demand. During the pandemic, many people have worked from home with mixed experiences. However, I believe that the office workplace will continue to play an important role in the future, both for the company and the individual. Nevertheless, it is probable that there will be a more flexible use of office space.

For companies, it is important to build, develop and maintain a unified corporate culture, which necessitates personal contact and relations. In addition, the exercise of leadership is a crucial component of this, which is facilitated through physical contact.

Another factor is that most people do not have homes that provide space for a suitable and secluded workplace.

Many older properties are in need of comprehensive renovation and refurbishment. A number of comprehensive renovations of residential properties built in the 1960s and 1970s are under way in Lundbergs Fastigheter. The adaptation of commercial properties to new requirements is also occurring continuously. In certain cases, the return on these investments may momentarily be insufficient but the measures are necessary. The alternative is to divest the property. However, prime properties in a good technical condition gain a significantly longer economic life through investments, which pay for themselves over time.

A threat to the property market is the acceleration of social problems. Development in property values depends on economic growth but also on social development in general. Violence, damage to property and insecurity are clearly negative to the value trend. This is very concerning and something we have to consider to an ever greater extent.

Lundbergs' financial position remains strong. At year-end, the loan-to-value ratio in the real estate operation was 26%, while the shares in our portfolio companies were completely unleveraged. Interest-bearing net debt was SEK 6.7 billion, corresponding to just below 6% of Lundbergs' total assets.

In 2020, the Board of Directors decided not to propose a dividend to the shareholders. The reasons were uncertainty concerning the COVID-19 pandemic and that only limited dividends were received from our portfolio companies. As a consequence of this, the shareholders' profits remained in the company and could continue to be put to work on new investments with healthy returns. During 2020, Lundbergs increased its net asset value by 15%.

The Board of Directors will propose to the 2021 AGM that the payment of dividends be resumed. This decision is based on the profit reported in the preceding year, and expectations of normalized dividends from the portfolio companies in 2021.

Many publicly traded companies chose not to pay any dividend in 2020. The reasons are well known. However, the payment of dividends is of central

importance to the stock market's ability to fulfill its function of providing companies with risk capital. This should be viewed as a contract between the shareholders and the companies. Dividends are paid as compensation for the provision of risk capital and are an important source of financing for, among other things, pensions, research and education.

It is also gratifying to see that the number of shareholders in Lundbergs continued to increase during the year and now amounts to about 46,000, compared with about 15,600 ten years ago. I interpret this as confidence in the company and in our business model.

Performance in 2020

In 2020, Lundbergs reported consolidated after-tax profit of SEK 4.1 billion (19.5). After non-controlling interests, the figure was SEK 3.6 billion (11.9). Excluding unrealized value changes and impairment losses, profit after financial items was SEK 6.1 billion (9.8). Net asset value per share after deferred tax rose 15% during the year to SEK 446 (388). On February 23, 2021, the corresponding value was SEK 445 per share. Lundbergs' shareholders received a total return of 7% (59) during 2020, which was less than the corresponding stock market index, which rose 15% (35). The discrepancy in relation to the stock market index was due entirely to the Lundberg share being valued at a premium at the end of the preceding year, while the valuation at the end of 2020 was in line with net asset value. The Board of Directors proposes a dividend of SEK 3.50 per share (0) to the Annual General Meeting. Our long-term aim is to offer shareholders favorable and steady dividend growth.

Lundbergs Fastigheter

Lundbergs' consolidated financial statements include Lundbergs Fastigheter with an operating profit of SEK 1.6 billion (2.2). This profit included unrealized value appreciation of SEK 0.7 billion (1.3), corresponding to 3.0% (6.3) raise in value. The value appreciation resulted from both a higher operating net and a lower yield requirement, as well as the completion of two investment properties that generated project gains.

Following a strong 2019, the Swedish property market was generally more cautious in the first half of 2020. The reason was the outbreak of COVID-19. This generated uncertainty and thus also increased the risk in the rental market. The situation in the rental market stabilized for both offices and homes during the summer while the retail market remained weak. Because many people worked from home, stores in prime locations were hit particularly severely. The very weak tourist industry also compounded this trend. When the pandemic has faded, I believe that customers will return to inner-city shops to an increasing extent.

Interest in investing in properties grew again during the second half of the year, with the exception of retail properties where the market continued to be characterized by a cautious approach and selective buyers.

Property investments continue to attract considerable capital, but the offering is weak due to a shortage of alternative investments. Access to financing is currently favorable.

In 2020, Lundbergs Fastigheter continued to invest heavily in both existing properties and new projects. A number of older residential properties are being refurbished and upgraded to a significantly higher standard. These properties are in prime locations and will be attractive in the rental market in the future. In addition, a number of refurbishments were implemented in our commercial properties. In total, SEK 329 m. was invested in our current property portfolio. SEK 404 m. was invested in new projects. A major residential project in Linköping was completed during the year, as was a project in Eskilstuna that included a retirement home. A housing project and a commercial project (LINK Business Center) located next to each other, at Stångån in Linköping, are also under way. These will be completed in 2021 and 2022. The commercial premises are essentially fully leased.

Our property portfolio has been renewed and rejuvenated over the past ten years. The portfolio has been concentrated from 14 to 10 cities and is now valued at SEK 25.3 billion compared with SEK 10.7 billion ten years ago. During this period, commercial properties in Linköping and Stockholm were acquired and new production of residential and commercial properties took place in Norrköping, Linköping, Karlstad, Örebro and Eskilstuna. The newly added properties currently account for about one-third of the property value. Our total real estate portfolio is of good quality and has a high leasing rate.

In recent years, Lundbergs Fastigheter's organization has been developed and strengthened. I would like to thank the company's President Louise Lindh, the Executive Management Team and other members of staff for their excellent work over the past year.

Portfolio companies

In 2020, the Parent Company acquired publicly traded shares for SEK 1,289 m., of which SEK 583 m. in Industrivärden, SEK 410 m. in Handelsbanken and SEK 297 m. in Skanska. At the end of 2020, Lundbergs' holdings in the eight publicly traded portfolio companies represented a market capitalization of SEK 93.3 billion, compared with SEK 79.8 billion a year earlier. Adjusted for acquisitions during the year,

the value increase was 15%, which may be compared with a 13% 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 satisfactory earnings in 2020. I would like to thank the company's President Claes Boustedt and his coworkers for a job well done over the past year.

Hufvudstaden's profit from property management deteriorated in 2020. This was mainly due to lower rental revenue from stores and restaurants. The company's financial position remains strong.

Following a long series of years of value appreciation, the value of the property portfolio decreased 4% during the past year. This was an effect of declining market rents for stores and an increased yield requirement for certain properties featuring a large element of retail. Working from home and the loss of tourism had a sharply negative impact on physical retail in city locations. In addition, online shopping continued to capture market shares.

NK was hit particularly severely by the pandemic. At the beginning of February 2021, Hufvudstaden acquired retail operations in NK corresponding to one fourth of the number of departments in the department stores in Stockholm and Gothenburg. The acquisition occurred against the background of the prevailing situation in the retail market and the fact that NK is a unique marketplace.

Hufvudstaden believes strongly in NK and will now have greater potential to accelerate and control its pace of development. While the acquisition will increase Hufvudstaden's freedom of action, entering the retail trade will naturally present a challenge for the company. In my opinion, however, the highly experienced and very competent management team headed by the company's CEO Ivo Stöppner is well equipped to manage this and to create an organization with the necessary expertise.

The office leasing market remained stable, with low vacancy rates in both the cities of Stockholm and Gothenburg. However, there is a trend that certain tenants are seeking leases that offer greater flexibility, which benefits coworking centers. In early 2021, Hufvudstaden therefore launched its own coworking operation in Stockholm.

Hufvudstaden's real estate portfolio is of the highest class and is entirely concentrated to the most central parts of Stockholm and Gothenburg. I am convinced that once the pandemic fades, city locations will again be regarded as the most attractive in the rental market.

“The importance of management cannot be overestimated.”

During the autumn, the board of directors bought back shares for SEK 500 m. These acquisitions occurred at a price that was far below net asset value, which was considered beneficial for the shareholders. The board of directors proposes that the AGM will renew the mandate to buy back shares.

In view of the prevailing situation, planned and ongoing new investments and the implemented buybacks, the board of directors proposes that the AGM vote to reduce the dividend.

Holmen's operating profit in 2020 before the revaluation of forest holdings increased compared with the preceding year. Forest, paperboard and wood products reported higher profit while paper and energy did not achieve the level shown in 2019.

Holmen is one of Sweden's largest forest owners. The forest holdings, which are focused on the northern part of the country, are a unique asset and the backbone of the company. In recent years, the stock market has also revalued forest holdings, which has led to considerable value appreciation.

Holmen's energy business is now also investing in wind power, which offers many interesting investment opportunities moving forward.

Both paperboard and paper are focused on high-quality niche products. For many years, the traditional demand for paper has been in decline, resulting in pressure on prices. However, Holmen sees favorable potential for new areas of use for paper, through continued product development initiatives.

Martinsons, a wood products company, was acquired in 2020. This just over 90-year-old company is a well-managed family business that fits in well with Holmen's structure. The acquisition is an important step in the further development of the wood products business.

In recent years, Holmen's management team, headed by CEO Henrik Sjölund, has done a great job adjusting Holmen's operations and focus. Despite operating in a cyclical industry, the business as a whole is stable since the various parts complement and balance each other well. The management team deserves praise for its determined work.

The company's financial position remains strong. The board of directors proposes that the AGM vote to raise the dividend.

Through Lundbergs' investment in **Industrivärden**, we have indirect exposure to a number of successful major Swedish companies. We have been a shareholder of Industrivärden for nearly 20 years and have gradually raised our investment, which currently accounts for about 20% of Lundbergs' net asset value.

In 2020, Industrivärden's net asset value, including reinvested dividends, rose by 8% and the total return on both of its share classes was 18%. The company's financial position remains strong, with a debt/

equity ratio of 6%. During the year, net investments in shares amounted to some SEK 4 billion. The largest acquisition was in Volvo, where the company further consolidated its position as principal shareholder. It also increased its holding in a number of the other portfolio companies.

In recent years, Industrivärden's determined work as an active owner has yielded good results. All of Industrivärden's portfolio companies are currently significantly stronger than they were five years ago and are ranked among the leading companies in their particular industries. I also consider that the potential for continued value creation in these companies is highly favorable. The board of directors prioritizes continued investments in the existing portfolio companies ahead of investments in new companies.

Industrivärden has an effective organization with strong analytical capacity, and is headed in an exceptional way by CEO Helena Stjernholm. Ahead of the company's 2021 AGM, the board of directors proposes that the payment of dividends be resumed.

Indutrade reported record earnings and margins during 2020. Indutrade's scalable business model continues to convince and reap new successes.

During the year, ten companies in different industries were acquired, representing combined annual sales of just over SEK 800 m. The operations outside Scandinavia continue to grow and the diversified structure has shown great resilience during the pandemic. The flexibility and effectiveness of the highly decentralized organization has also played a significant role.

Bo Annvik has now been CEO for nearly four years and has succeeded fantastically well in taking Indutrade to a new level. The company has a highly competent management team that has been broadened and thus been provided with additional skills and development momentum. The entrepreneurial spirit is strong and creates favorable potential for the future expansion of Indutrade.

The company's financial position remains stable and the board proposes an increased dividend to the shareholders.

Husqvarna showed strong earnings in 2020 despite a challenging year. Following several years of determined efforts, the company achieved its financial objectives for growth, profitability and capital efficiency. Adjusted for items affecting comparability, sales and the operating margin increased. Cash flow was strong and the company's financial position improved. Husqvarna is now accelerating its investments in strategic growth and focusing on innovative, sustainable products and solutions that have strong long-term growth potential. At the same time, it is working hard on efficiency measures to increase its competitiveness. CEO Henric Andersson is an excellent leader with longstanding experience of

Husqvarna. He has got off to a good start as CEO and I wish him continued success.

Husqvarna's board proposes that the AGM vote to raise the dividend.

Handelsbanken showed stable earnings in line with 2019. Its loan portfolio is of a high quality with low loan losses. The bank's cost trend has leveled off and is now estimated to reach a permanently lower level by the end of 2022 at the latest. Its customer satisfaction lead over the other major banks stands firm. Handelsbanken further strengthened its capital adequacy in 2020. In recent years, customer behavior has changed toward an increased use of digital products. This means that certain offices are now being closed while others are strengthening their resources. In parallel, the digital offering is being developed. In Sweden and the United Kingdom, regional banks are being closed and a more decentralized customer-centric organization is being established.

CEO Carina Åkerström has long and extensive experience from the bank's branch operations. I therefore feel very secure that she is the person to lead the operations and the bank's transformation. I have every confidence in her ability and competence.

The board of directors proposes that the AGM vote to resume dividend payment.

Sandvik's order bookings and invoiced sales declined relatively sharply in 2020 due to the severe impact of the pandemic. As a result of comprehensive cost-cutting measures, however, it was possible to maintain the operating margin and earnings at a favorable level. Cash flow was strong and resulted in net debt being close to zero at the end of 2020. During the second half of the year, order bookings recovered, particularly for mining operations, which showed healthy year-on-year growth.

In the autumn, Sandvik's management team announced that it intends to increase the focus on generating growth, both organic and through acquisitions. At the same time, preparations continue for a separate listing of SMT. The focus on increased growth feels highly exciting and creates favorable potential for future value creation in Sandvik. At the end of the year, Sandvik acquired DSI Underground, a market leader in underground security systems.

It is gratifying to see that the new CEO, Stefan Widing, has stepped into his new role so well. I wish him and the board the best of luck in the continued further development of Sandvik.

The board of directors proposes that the AGM vote to resume the payment of dividends to the shareholders.

Skanska reported record profit in 2020. Profit includes the sale of a shareholding in an OPS project in the US that generated an excellent gain.

The commercial property development operations continued to develop well and reported their highest profit ever. Residential development also succeeded in improving its margin and profit. Construction increased its operating margin, although it is still below the adopted target level.

Skanska's handling of the pandemic was impressive. I would particularly like to point to commercial property development, which was highly successful in both rental activities and divestments despite the problems.

Since CEO Anders Danielsson took office three years ago, major positive changes have occurred at Skanska. The concentration of construction on its core business, the increased focus on project development and cost-cutting measures have resulted in increased efficiency.

Skanska has a highly competent management team and a strong organization, giving me great confidence in the company. The company's financial

position is strong and facilitates aggressive measures to develop the operations.

The board proposes an increased dividend to the shareholders.

Outlook

Following the global decline in GDP during 2020, an economic recovery is expected in both 2021 and 2022. However, there is considerable uncertainty depending on the continued development of COVID-19. The vaccination

programs will, however, probably gradually limit the spread of infection in 2021.

Lundbergs' portfolio companies maintain a high quality. They are active in different areas and favorably balance each other. However, the decisive factor is how well the companies are managed. This applies from the board of directors level, through the company's management to the organization at large. Their management is of central importance as is their financial strength. There is no room for compromise on these points.

During the ongoing pandemic, our portfolio companies have fared well. This is because they are well positioned and maintain a high level of competitiveness, but also because they are well managed. Many intelligent decisions were made in 2020. This applies to both Lundbergs' portfolio companies and to the companies in which we have indirect interests through Industrivärden. In the long term, I believe there are favorable prerequisites for the companies

“Our business model with continuous investments in properties and shares has generated considerable value over time.”

to continue to develop well and add value. We therefore intend to continue to invest in the portfolio companies and thereby increase our shareholdings.

Our real estate operation forms a stable base for Lundbergs. Its business risk is relatively low and cash flow before investments is stable and, in a longer-term perspective, rising. In recent years, we have added a number of newly produced properties in cities undergoing healthy growth. These have a favorable operating economy and have contributed to the value appreciation of our real estate portfolio. We intend to continue to selectively invest in the new production of mainly residential properties but also in upgrades of older properties in our portfolio. Lundbergs Fastigheter's exposure to retail properties is relatively limited and concentrated to Linköping and Norrköping. All these properties are located centrally in the most attractive areas. While the rental market is currently weak, I harbor no concerns longer term. New industries, including service offerings, will probably be established and restructuring will occur. Conversion of properties to other areas of use may also sometimes be of interest.

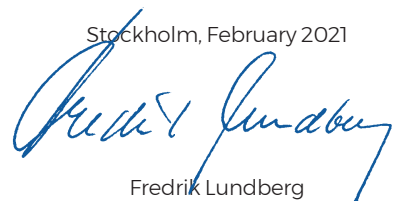
The rental status in Lundbergs Fastigheter remains favorable and expect profit from ongoing property management and cash flow in 2021 to remain on a par with the level in 2020.

Including the dividends that our portfolio companies have presented, the dividends we receive will increase sharply. On the whole, this means that Lundbergs' cash flow before investments and after payment of our own dividend will increase during 2021.

Lundbergs is well equipped for the future. Our business model with continuous investments in properties and shares has generated considerable value over time. Our financial position is strong and gives us favorable potential to continue to capitalize on attractive business opportunities. It is my ambition and my belief that we will also continue to provide our shareholders with a competitive return.

Finally, I would like to extend a big and heartfelt thank you to all of the boards of directors, CEO's and management teams of our portfolio companies, and to the Board of Directors of Lundbergs and all of its employees, for a job well done in 2020.

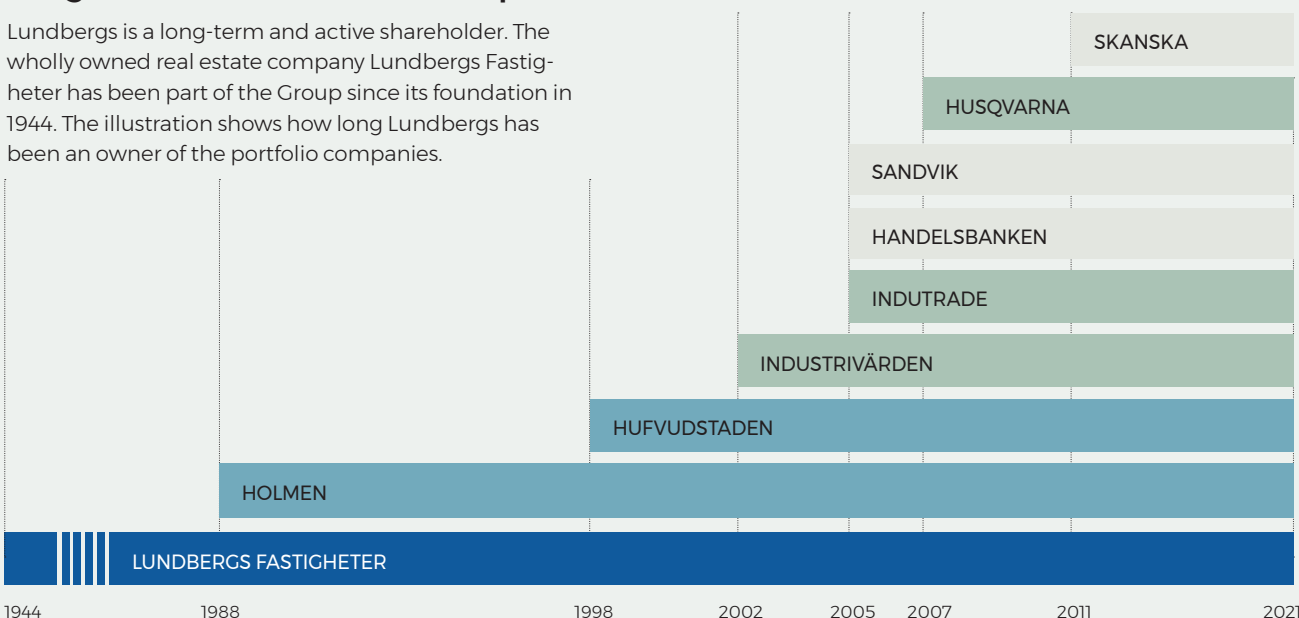
Stockholm, February 2021



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

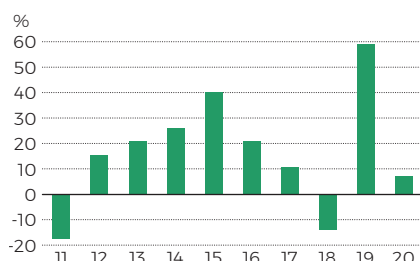
Lundbergs invests to develop companies and values over a long period of time. Through long-term, stable ownership, the portfolio companies and their respective management teams are provided with the opportunity to achieve strengthened market positions, increased competitiveness and sustainable value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

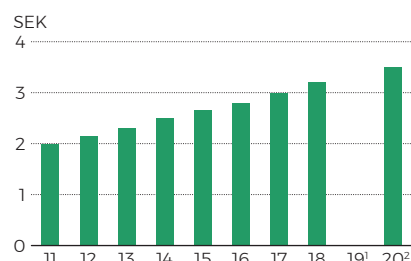
Lundbergs' active ownership is effected through genuine and committed work on the companies' boards. A board of directors that possesses broad competence has greater potential to see the big picture and, at the same time, identify material risks and opportunities. Being engaged in the nomination committees'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



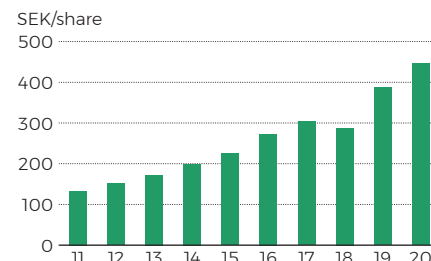
DIVIDEND PER SHARE



¹ No dividend paid.

² The Board of Directors' proposal.

NET ASSET VALUE AFTER DEFERRED TAX



Investment criteria

Investments focus on 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 paper.

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 14.7% annually. Annual dividend growth over the same period has been 5.7%¹.

During 2020, net asset value per share after deferred tax rose 15.0%. The total annual return on the share has averaged 14.5% per year over the past five years and 14.8% over the past ten years. The total annual return over the past 20-year period has averaged 15.5%.

Management expenses in relation to the market value of holdings during 2020 amounted to 0.06% (0.08).

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 1,604 m. in dividends from portfolio companies and funds from real estate operations, as well as sales of securities and properties. SEK 1,289 m. was invested in shares and SEK 748 m. in properties.

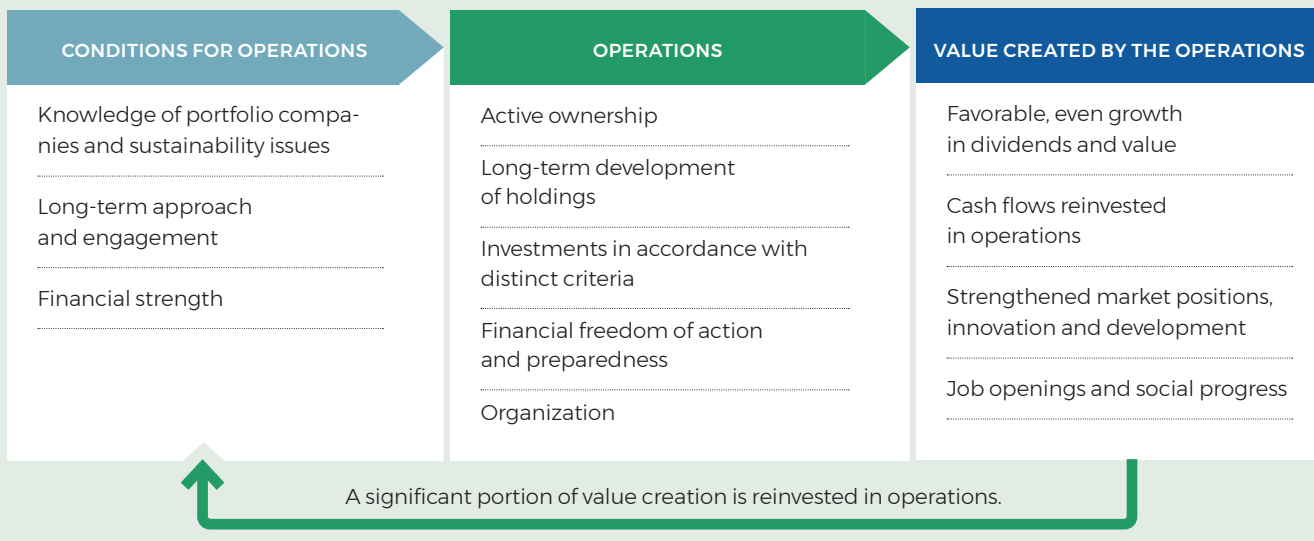
Organization

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 2021 AGM of SEK 3.50 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 23, 2021, property-related holdings through the wholly owned business Lundbergs Fastigheter, as well as shares in Hufvudstaden, represented a value of SEK 28.4 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 82.5 billion, corresponding to 74%.

Investment activities

During the year, the Parent Company invested SEK 1,289 m. in publicly traded shares. Of these investments, Handelsbanken accounted for SEK 410 m., Industrivärden for SEK 583 m. and Skanska for SEK 297 m.

Lundbergs Fastigheter invested SEK 733 m. in new builds and refurbishment of investment properties during the year.

SHAREHOLDINGS

Percent ¹	Feb 23, 2021		Dec 31, 2020		Dec 31, 2019	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Handelsbanken	2.8	2.9	2.8	2.8	2.5	2.6
Holmen	34.1	62.3	34.1	62.3	34.1	62.3
Hufvudstaden	46.2	88.4	46.2	88.4	45.3	88.1
Husqvarna	7.6	25.2	7.6	25.2	7.6	25.2
Industrivärden	17.7	24.0	17.7	24.0	17.1	23.8
Indutrade	26.6	26.6	26.6	26.6	26.7	26.7
Sandvik	2.5	2.5	2.4	2.4	2.4	2.4
Skanska	5.4	13.0	5.2	12.9	4.9	12.6

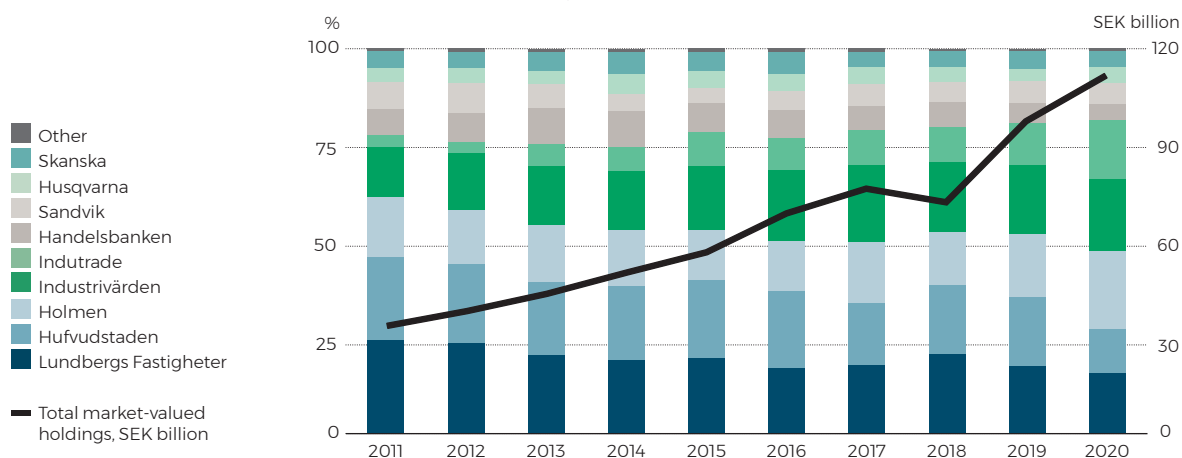
SEK m.	Feb 23, 2021		Dec 31, 2020		Dec 31, 2019	
	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³	Market value ²	Acquisition value ³
Handelsbanken	4,953	4,195	4,543	4,110	5,045	3,700
Holmen	20,853	3,828	22,455	3,828	16,081	3,828
Hufvudstaden	11,256	2,830	12,829	2,830	17,436	2,830
Husqvarna	4,498	2,021	4,657	2,021	3,250	2,021
Industrivärden	22,211	11,957	21,054	11,957	17,261	11,375
Indutrade	18,254	2,510	17,063	2,510	10,820	2,510
Sandvik	7,056	3,058	6,039	2,729	5,480	2,729
Skanska	4,632	2,909	4,652	2,805	4,379	2,508
Other securities	809	649	759	649	571	479
Total	94,523	33,957	94,052	33,439	80,323	31,980

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 is calculated based on a premium of 10% in relation to the value of the publicly traded Series B share.

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, 2020, net asset value after deferred tax amounted to SEK 110,687 m. (96,320), corresponding to SEK 446 per share (388).

On February 23, 2021, estimated net asset value after deferred tax amounted

to SEK 110,483 m. corresponding to SEK 445 per share. Lundbergs Fastigheter's net asset value was measured at December 31, 2020, with additions for investments carried out in 2021. Net asset value includes investment properties at a

value of SEK 25.4 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, 2020						December 31, 2019		
	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	55,000,000	2.8	2.8	4,543	18	5	5,045	20	5
Holmen A	33,244,000			13,796	56	20	9,807	40	17
Holmen B	22,000,000	34.1	62.3	8,659	35		6,274	25	
Hufvudstaden A	85,200,000			11,604	47	11	15,771	64	18
Hufvudstaden C	8,177,680	46.2	88.4	1,225	5		1,665	7	
Husqvarna A	39,400,000			4,216	17	4	2,939	12	3
Husqvarna B	4,142,012	7.6	25.2	441	2		311	1	
Industrivärden A	67,100,000			18,399	74	19	15,567	63	18
Industrivärden C	10,000,000	17.7	24.0	2,655	11		1,694	7	
Indutrade	96,840,000	26.6	26.6	17,063	69	15	10,820	44	11
Sandvik	30,000,000	2.4	2.4	6,039	24	5	5,480	22	6
Skanska A	6,032,000			1,391	6	4	1,405	6	5
Skanska B	15,550,000	5.2	12.9	3,261	13		2,974	12	
Other securities				759	3	1	571	2	1
Portfolio				94,052	379	84	80,323	324	83
Lundbergs Fastigheter									
Value of properties				25,736			24,367		
Interest-bearing net debt ¹				-6,663			-5,906		
Other net, including deferred tax ²				-1,516			-1,477		
Lundbergs Fastigheter				17,557	71	16	16,984	68	17
Total market-valued holdings				111,609	450	100	97,308	392	100
Other net, including deferred tax ²				-922	-4		-988	-4	
Net asset value after deferred tax				110,687	446		96,320	388	
Market value				109,269	441		101,928	411	
Price/NAV, %					99			106	

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 26% (24) 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%. Deferred tax of 21.4% has been calculated for the provision to the tax deferral reserve and Other securities, while 20.6% has been calculated for other differences between market value and tax-assessment value. In accordance with current legislation, no tax is charged for business-related participations.

KEY FIGURES

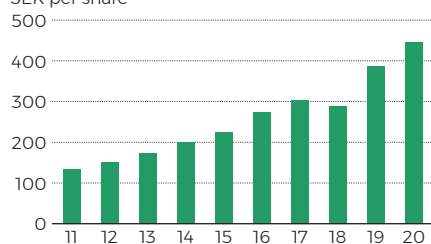
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net asset value, SEK m.	110,687	96,320	71,373	75,364	67,675	55,865	49,408	42,771	37,501	33,048
Net asset value/share, SEK	446	388	288	304	273	225	199	172	151	133
Change in net asset value, %	15	35	-5	11	21	13	15	14	13	-11

Cash flow

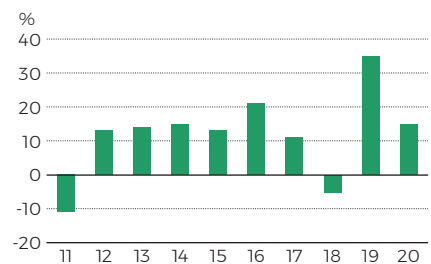
Net asset value, cash flow and financial position presented in this spread pertain to the Parent Company and wholly owned subsidiaries. Other alternative performance measures and other key figures are presented on page 20.

NET ASSET VALUE AFTER DEFERRED TAX

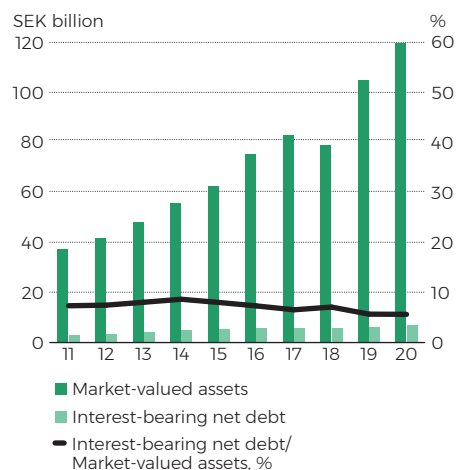
SEK per share



CHANGE IN NET ASSET VALUE



FINANCIAL POSITION



During 2020, dividends totaling SEK 733 m. (1,891) were received. Funds from L E Lundberg Kapitalförvaltning AB amounted to negative SEK 153 m. (pos: 110). Funds received from real estate operations totaled SEK 1,024 m. (835), of which divestments accounted for SEK 148 m. (41). Accordingly, total funds received amounted to SEK 1,604 m.

(2,836). During the year, SEK 1,289 m. (1,026) was invested in shares and SEK 748 m. (1,174) in properties. During 2020 no dividend was paid (SEK 794 m.). Interest-bearing assets rose by SEK 40 m. and interest-bearing liabilities by SEK 797 m. Accordingly, interest-bearing net debt increased by SEK 757 m. to SEK 6,663 m. (5,906) at December 31, 2020.

SEK m.	2020	2019	2018	2017	2016
Dividends					
Handelsbanken		253	323	195	226
Holmen	193	373	359	331	290
Hufvudstaden	364	345	327	308	289
Husqvarna	98	98	98	85	72
Industrivärden		412	394	365	303
Indutrade		145	119	101	92
Sandvik		128	105	83	75
Skanska	69	120	166	145	124
Other	9	16	17	11	10
	733	1,891	1,907	1,624	1,482
L E Lundberg Kapitalförvaltning AB	-153	110	-40	41	-62
Real estate operations	875	794	735	705	702
Sales, real estate operations	148	41	118	237	964
Total assets contributed	1,604	2,836	2,719	2,607	3,086
Investments, equity management					
Handelsbanken	410	364	403	360	153
Husqvarna		15			
Industrivärden	583	648		425	1,612
Indutrade			147		133
Skanska	297		407		176
	1,289	1,026	957	785	2,075
Investments, real estate operations	748	1,174	1,017	732	630
Own dividends	-	794	744	694	657
Corporate overheads	36	31	30	29	28
Taxes paid	81	197	136	132	129
Financial items	73	91	93	133	121
Others	-18	30	18	-7	-6
Total assets used	2,209	3,342	2,995	2,499	3,634
Change in net debt	-605	-506	-275	108	-549
Closing net debt	-7,325	-6,719	-6,214	-5,938	-6,047
of which, interest-bearing	-6,663	-5,906	-5,562	-5,355	-5,440

The Lundberg share

Series B Lundbergs shares are listed on Nasdaq OMX Nordic, Large Cap. On average, 219,000 Series B shares were traded per trading day in 2020. Share turnover totaled 55 million Series B shares, corresponding to 36% of the total number of Series B shares. The lowest price paid for the share in 2020 was SEK 331.20 and the highest was SEK 470.80.

Market capitalization

Market capitalization at year-end was SEK 109,269 m. (101,928). The share price increased 7% 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, 2020, 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 46,300 (42,300). Of the total shareholders, some 44,200 (40,100) are registered in a nominee's name and about 2,100 (2,200) in the owner's own name. Foreign ownership accounts for 8.7% (8.4) 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 2020 amounted to 7.2%, while the SIXRX return index rose 14.8%. The average annual total return has been 14.8% over the past 10 years and 15.5% over the past 20 years. The corresponding performance of the SIXRX return index was 11.4% and 8.6%, respectively.

Proposed dividend

The Board of Directors proposes a dividend of SEK 3.50 per share, corresponding to SEK 868 m. The average annual dividend growth has been 6.4% over the past 10 years.

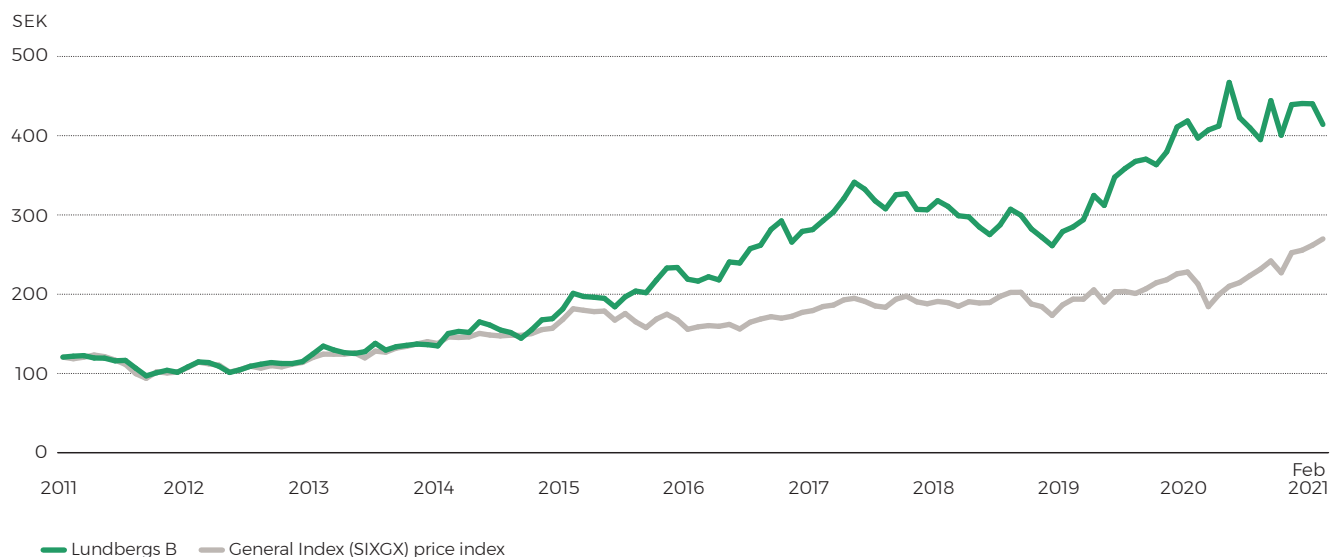
THE LARGEST SHAREHOLDERS

	Feb 2021		Feb 2020	
	Holdings as % of		Holdings as % of	
	share capital	voting rights	share capital	voting rights
Fredrik Lundberg including companies and spouse	42.3	71.0	42.3	71.0
Louise Lindh including family	14.0	11.2	14.0	11.2
Katarina Martinson including family	14.0	11.2	14.0	11.2
Alecta Pension Funds	2.2	0.5	2.2	0.5
Spiltan Funds	2.0	0.4	1.5	0.3
SEB Funds and Trygg Liv	1.4	0.3	1.6	0.3
Handelsbanken Funds	0.6	0.1	0.7	0.2
Skandia Funds	0.6	0.1	0.5	0.1
Försäkringsbolaget Avanza pension	0.4	0.1	0.5	0.1
Pensionskassan SHB Försäkringsförening	0.4	0.1	0.4	0.1
Other	22.1	4.9	22.3	5.0
Total	100.0	100.0	100.0	100.0
Swedish shareholders	91.3	98.1	91.6	98.1
Foreign shareholders	8.7	1.9	8.4	1.9
Total	100.0	100.0	100.0	100.0

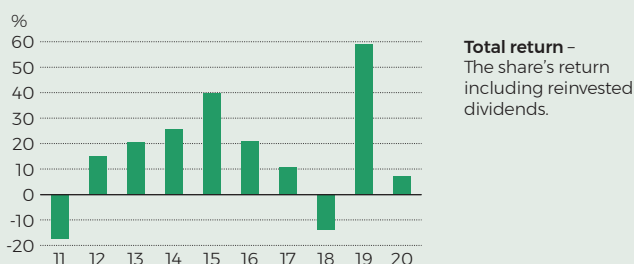
DISTRIBUTION OF SHAREHOLDERS, FEBRUARY 2021

No. of shares	No. of shareholders	As % of all shareholders
1 - 500	39,217	84.6%
501 - 2,000	4,892	10.6%
2,001 - 5,000	1,225	2.6%
5,001 - 20,000	706	1.5%
20,001 - 50,000	143	0.3%
50,001 -	155	0.3%
Total	46,338	100.0%

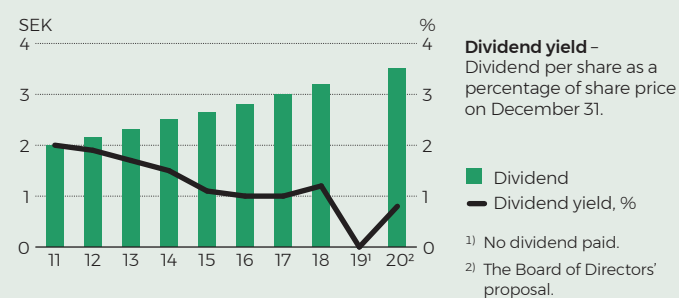
SHARE PRICE PERFORMANCE



TOTAL RETURN



DIVIDEND AND DIVIDEND YIELD



KEY FIGURES

	2020	2019 ¹	2018	2017	2016	2015	2014	2013	2012	2011
Dividend per share, SEK	3.50 ²	0.00	3.20	3.00	2.80	2.65	2.50	2.30	2.15	2.00
Growth in dividend per share, %	-	-	6.7	7.1	5.7	6.0	8.7	7.0	7.5	6.7
Dividend yield, %	0.8	-	1.2	1.0	1.0	1.1	1.5	1.7	1.9	2.0
Total return, %	7.2	59.0	-13.9	10.8	20.9	40.0	25.9	20.7	15.3	-17.6
Stock market price, Dec 31, SEK	440.60	411.00	261.20	306.50	279.25	233.70	169.10	136.35	114.95	101.50

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net asset value after deferred tax, SEK billion ¹	110.7	96.3	71.4	75.4	67.7	55.9	49.4	42.8	37.5	33.0
Net asset value per share after deferred tax, SEK ¹	446	388	288	304	273	225	199	172	151	133
Shareholders' equity per share attributable to Parent Company's shareholders, SEK	344	327	259	252	230	194	177	160	145	125
Net sales, SEK m.	19,887	21,655	20,219	20,404	19,357	20,347	19,952	20,076	21,618	22,604
Profit after financial items, SEK m. excluding impairment losses and unrealized changes in value, SEK m.	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433	4,360	10,753
Profit after tax, SEK m.	6,058	9,760	3,445	6,712	11,511	3,783	3,752	2,901	3,087	5,914
of which, non-controlling interests, SEK m.	4,108	19,535	7,483	9,467	15,457	6,652	4,900	4,514	5,568	8,637
	517	7,607	3,893	2,785	3,215	2,276	1,707	1,506	2,327	3,521
Earnings per share attributable to the Parent Company's shareholders, SEK	14.48	48.09	14.48	26.94	49.36	17.65	12.88	12.13	13.07	20.63
Dividend/share, SEK	3.50 ²	0.00	3.20	3.00	2.80	2.65	2.50	2.30	2.15	2.00
Debt/equity ratio, multiple	0.15	0.14	0.15	0.16	0.18	0.21	0.24	0.25	0.24	0.26
Equity/assets ratio, %	72	72	71	71	69	67	65	65	64	60

¹ Refer to page 16.

² The Board of Directors' proposal.

ADJUSTED PROFIT AFTER FINANCIAL ITEMS

SEK m.	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Profit after financial items	4,471	23,335	8,230	11,236	17,419	8,258	5,964	5,433	4,360	10,753
Impairment losses of publicly traded shares and associated company shares							-294	-660	-295	184
Impairment losses		109	25		122	555	450	86	153	
Changes in value of investment properties and derivatives	2,212	-4,079	-4,446	-4,083	-5,693	-4,782	-2,047	-1,671	-775	-1,446
Changes in value of biological assets	-579	-9,566	-425	-415	-315	-267	-282	-264	-350	-3,593
Other changes in value	-46	-38	61	-26	-23	19	-39	-23	-6	16
Total	6,058	9,760	3,445	6,712	11,511	3,783	3,752	2,901	3,087	5,914

NET INTEREST-BEARING DEBT

SEK m.	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Long-term liabilities	17,123	13,218	10,133	8,533	8,499	10,933	10,637	10,534	8,169	10,128
Long-term liabilities, right-of-use assets	856	907								
Provision for pensions	224	210	194	162	313	234	501	327	445	445
Current financial liabilities	3,164	5,936	6,405	6,515	7,939	5,069	5,956	5,474	7,230	4,008
Current liabilities, right-of-use assets	121	54								
Long-term financial receivables	-313	-474	-486	-55	-51	-53	-49	-72	-46	-88
Current financial receivables	-44	-15	-36	-34	-89	-61	-23	-27	-33	-48
Cash and cash equivalents	-1,608	-2,628	-1,466	-880	-1,491	-818	-888	-1,000	-1,767	-1,198
Total	19,522	17,208	14,743	14,240	15,120	15,303	16,134	15,238	13,998	13,246

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

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.

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

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.

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.

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

2020

2019

2018

2017

2016

2015

2014

2013

2012

2011

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.

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.

Shares in Industrivärden were acquired for SEK 1 billion.

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

Divests shareholding in Cardo for SEK 4.7 billion. Skanska shares acquired for SEK 1.2 billion, making Skanska a new portfolio company. Continued acquisition of shares in Holmen, Husqvarna, Industrivärden and Sandvik.

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 over 75 years ago.

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 long-term sustainable profitability is the efficient management of sustainability risks and the ability to develop and capitalize on opportunities that arise when conditions change.

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 to invest in sustainable, 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.



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.

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.

Changes in the business environment

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.

Lundbergs, like all of its portfolio companies, works actively to contribute to 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's (TCFD) as well as implementation of the Paris Agreement to limit the global warming.

Wholly owned operations and publicly listed portfolio companies

Lundbergs' Sustainability Report includes the operations of the Parent Company L E Lundbergföretagen AB and the wholly owned subsidiaries. Publicly listed portfolio companies are 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 over-riding principles underlying the activities that are implemented are described in this section, as are the results of the work.

The *Publicly listed portfolio companies* section describes the sustainability work conducted within the framework of Lundbergs' active ownership. The section concludes with examples of sustainability work in the publicly listed companies.

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.

UN's Global Sustainable Development Goals

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 to Lundbergs:

- 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 10: Reduced inequalities
- Goal 11: Sustainable cities and communities
- Goal 12: Responsible consumption and production
- Goal 16: Peace, justice and strong institutions

Lundbergs works with the UN Sustainable Development Goals (SDGs) that are most closely related to its business operations. In 2020, a new objective was adopted of having climate-neutral operations throughout the value chain by 2030.

**20
30** Klimatneutral
värdekedja
Lundbergs Fastigheter



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
- Committed and development-oriented employees
- Developed anti-corruption work

Key stakeholders

Main stakeholders of the wholly owned operations:

- Customers in residential, office and retail properties
- Shareholders in Lundbergs
- Employees
- Suppliers
- Creditors

Managing sustainability work

Lundbergs' Board of Directors has established a Code of Conduct that applies to the Parent Company and to wholly owned subsidiaries. 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.

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 2020.

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

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 & 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 is one of the most important issues of our time and Lundbergs Fastigheter, like other parts of society, needs to swiftly adapt its operations to minimize their climate impact. Lundbergs Fastigheter has already adopted the construction and civil engineering sector's roadmap for fossil-free competi-

tiveness. 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. In 2020, Lundbergs Fastigheter measured all the Scope 1, 2 and 3 emissions of its entire operations; i.e. emissions throughout the value chain. This work has resulted in a newly adopted objective of having climate-neutral operations throughout the chain by 2030.

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:

- Reduce emissions connected to construction projects
- Reduce energy consumption
- Influence the customers' own sustainability activities

In 2020, the company continued to work with life cycle assessments (LCAs) in new-build projects, including in conjunction with the LINK Business Center office project in Linköping, thereby generating improved sustainability results. These assessments are a good instrument for demonstrating the climate impact of new-build projects and the measures that can be implemented to ensure it can be reduced.

SOLAR ENERGY

Lundbergs Fastigheter annually increases production of solar cell-produced electricity. In 2020 about 350,000 kWh was produced.

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. Between 2012 and 2020, CO₂ emissions were reduced by a full 45%.

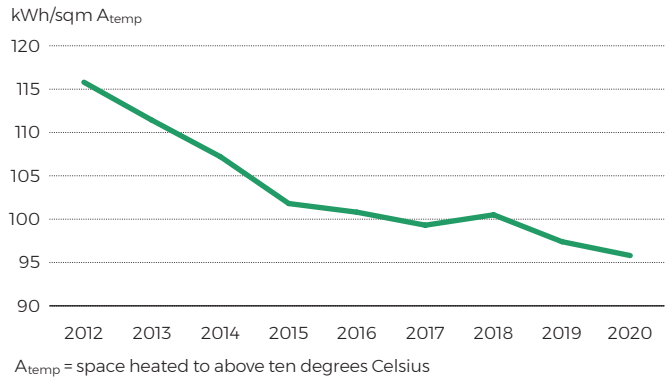
Long-term energy efficiency investments are a key feature of its sustainability work. By continuously seeking improvements in construction techniques and installing increasingly modern technology, the proactive work to improve the quality of its properties and reduce energy consumption continues.

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. This is a high-quality office concept with good basic functions that can be adapted to specific requirements.

ENERGY USE IN LUNDBERGS FASTIGHETER



The real estate operations continuously strive to reuse and recycle materials as much as possible when refurbishing. 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, Byggarubedömningen and Sunda Hus). The application of the environmental rules is monitored during annual internal audits.



GENERATION PEP

Lundbergs Fastigheter supports Generation Pep's vision - that all children and young people should have the opportunity and desire to live an active and healthy life.



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.

New technology

One of our properties has been equipped with energy storage in order to evaluate the underlying technology. Lundbergs is one of the first real estate companies to invest in this technology and is therefore influencing its development. Demand for charging stations for electric and hybrid vehicles remains high from both residential and office tenants. The company now has a total of about 200 charging stations in the property portfolio and it is continuously planning more. Lundbergs Fastigheter is collaborating with a company in Gothenburg that has developed a technique for recovering water from washing machines for reuse in the machine. In Örebro, a pilot project is under way whereby central control of district heating will occur by measuring temperatures out in the properties. In addition, tests are being conducted in the balancing market for electricity trading, with the aim of discovering the obstacles that could conceivably arise when the power grid is complemented with local battery storage.

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 2020, 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 study – 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 2019 showed that a full 85% of the employees rank Lundbergs overall as a very good workplace. No cases of employee discrimination were reported during the year.

All employees	Executive Management Team	Other managers	Other employees	Total
Women	4	5	62	71
Men	8	16	90	114

All employees	Executive Management Team	Other managers	Other employees	Total
Under 30 years		1	17	18
30 – 50 years	8	16	80	104
Over 50 years	4	4	55	63

Proportion of sick leave in relation to planned work time, %	Man	Woman	Total
	2.09	6.01	3.53

Other employees ¹	under 30 years	30 – 50 years	over 50 years	Total
Permanent employees	15	77	55	147
of whom, women	8	34	17	59
Total	17	80	55	152
of whom, women	10	35	17	62

¹ In addition to the Executive Management Team and other managers, Lundbergs has a total of 152 employees, five of whom are temporary.

Publicly listed portfolio companies

Lundbergs has major holdings in eight publicly listed portfolio companies with total revenues of around SEK 390 billion and more than 90,000 employees. The companies are active in different industries and geographies. The value chains of the companies, in the form of suppliers and customers, in turn influence many more people, not only in Sweden but also globally.

Indirect sustainability impact

Lundbergs has an indirect sustainability impact through its publicly listed portfolio companies. 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. A good ability to manage risks and opportunities related to the environment, social responsibility and business ethics contributes to the companies' stability.

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

The results of the publicly listed portfolio companies' sustainability efforts are presented in each company's Sustainability Report.

Significant sustainability issues

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

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.

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

Managing sustainability work

For the public companies, sustainability work is conducted within the framework of Lundbergs' model for active ownership. The starting point for the work is Lundbergs' Code of Conduct (see page 24). Through the respective boards of directors, Lundbergs works to ensure that the spirit of the Code permeates the operations of all the portfolio companies.

Active sustainability work in the portfolio companies

All publicly listed companies comply with the UN Global Compact.

Handelsbanken

In the "Hållbara Bolag 2020" (Sustainable Company 2020) survey, which ranked the risk work conducted by publicly traded companies, Handelsbanken was ranked first in the category of "banks".

Holmen

Holmen's operations contributed climate benefits corresponding to 6.4 million tons CO₂e in 2020, equal to 12% of such emissions in Sweden.

Hufvudstaden

According to the Global Real Estate Sustainability Benchmark (GRESB), Hufvudstaden is an industry leader in sustainability.

Husqvarna Group

The first Swedish listed company to have its climate goals approved by the Science Based Targets initiative (SBTi). The company has set a target of reducing its absolute carbon emissions by 35% throughout the value chain by 2025, with 2015 as the base year.

Industrivärden

As a knowledgeable, active and responsible owner, Industrivärden develops long-term successful portfolio companies, thus promoting sustainable social development.

Indutrade

During the year, Indutrade set new sustainability targets, including that the operations will be climate neutral no later than 2030.

Sandvik

In 2020, Sandvik was once again included in the Dow Jones Sustainability Index. This is one of the most prestigious, global sustainability indexes, which lists the 10% most sustainable companies in respective sector.

Skanska

Skanska Sweden aims to halve its carbon emissions by 2030, and to be completely climate neutral by 2045.

The report covers the 2020 calendar year. The most recent sustainability report was published in February 2020. 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.

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, 66	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	85-93	
102-8	Information on employees and other workers	27, 66	In the wholly owned operations, all employees are employed in Sweden.
102-9	Supply chain	24, 26, 28	
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	24-26	
102-12	External initiatives	22, 23	
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, 28	
102-41	Collective bargaining agreements		Lundbergs applies collective bargaining agreements.
102-42	Identifying and selecting stakeholders	24, 28	
102-43	Approach to stakeholder engagement	24, 28	
102-44	Key topics and concerns raised	24, 28	
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	24, 28	
102-48	Restatements of information		No sustainability disclosures from the preceding year have been changed in the report.
102-49	Changes in reporting	23	No accounting policies were adjusted during the year; the financial statements comprise the Parent Company and the wholly owned subsidiaries.
102-50	Reporting period	28	
102-51	Date of most recent report	28	
102-52	Reporting cycle	28	
102-53	Contact point for questions regarding the report	105	
102-54	Claims of reporting in accordance with the GRI Standards	28	
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	24, 28	
205-2	Communication and training about anticorruption policies and procedures	24	
205-3	Confirmed incidents of corruption and corrective actions taken	24	
Environmental			
103-1/2/3	Management approach	24, 28	
302-1	Energy consumption within the organization	26	
302-4	Reduction in energy consumption	26	
305-5	Reductions in energy requirements of products and services	26	
Social			
103-1/2/3	Management approach	24, 28	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		During the year, four close calls and one minor accident were reported. These did not result in any serious personal injuries.
405-1	Diversity of governance bodies and employees	27	
406-1	Incidents of discrimination and corrective actions taken	27	



LUNDBERGS FASTIGHETER



HUFVUDSTADEN



HOLMEN



INDUSTRIVÅRDEN



INDUTRADE



HUSQVARNA GROUP



HANDELSBANKEN



SANDVIK

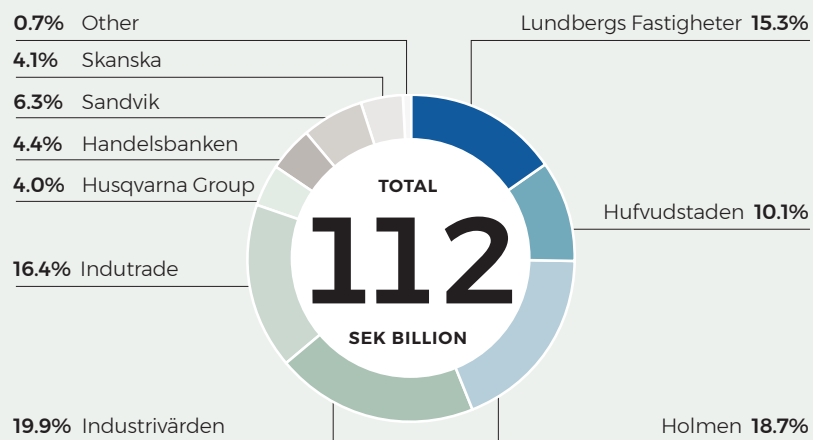


SKANSKA

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



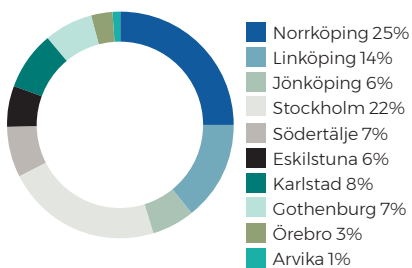
The listed holdings are measured at market value at February 23, 2021. Lundbergs Fastigheter is recognized at net asset value, refer to page 16.



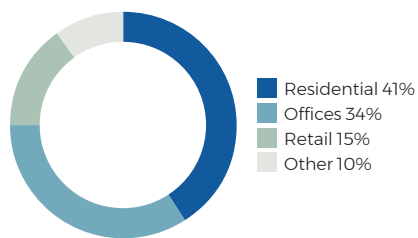
Lundbergs Fastigheter

Founded in 1944

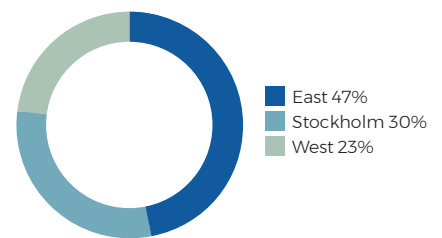
FAIR VALUE BY MARKET AREA



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 25 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 2020, the company faced 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 131 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 25.3 billion. The company pursues a comprehensive sustainability program. In 2020, an important decision was taken that Lundbergs Fastigheters activities must be climate neutral by 2030. The target covers the entire value chain from tenants to partners, suppliers and employees. The sustainability work is described in greater detail in Lundbergs' sustainability report on page 22.

Organization

The number of employees within Lundbergs Fastigheter amounted at the end of 2020 to 172 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. Man-

agement, rental activities and property upkeep are handled locally in the respective market areas by a distinctly decentralized organization. All of the central resources that support the operational activities are located in the Norrköping headquarters. The members of the Executive Management Team consist of the President and CEO, the Executive Vice President, who is also Head of Rental and Property Administration, Regional Manager Stockholm, who is also Head of Sustainability, Regional Manager East, who is also Head of Business Development, Regional Manager West, 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

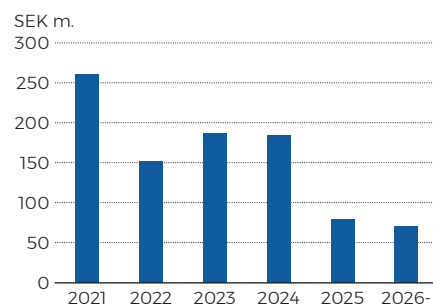
Lundbergs Fastigheter develops and offers residential units that facilitate simple and secure living. The company owns just over 6,900 high-quality rental apartments in attractive locations with property management occurring close to the tenants. Lundbergs Fastigheter places considerable focus on being 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. 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

SHARE OF LUNDBERGS' HOLDINGS

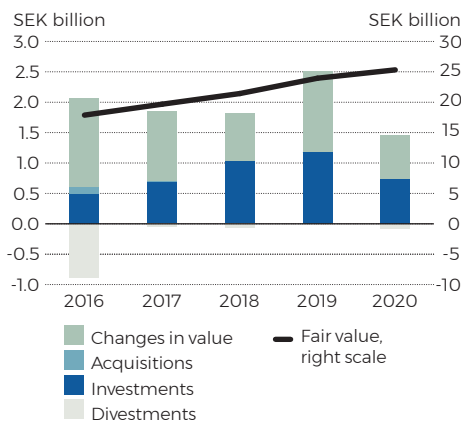
15.3%

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

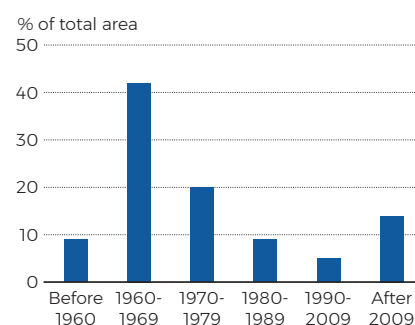
MATURITY STRUCTURE OF RENTAL CONTRACTS, COMMERCIAL PREMISES



FAIR VALUE TREND FOR INVESTMENT PROPERTIES



BREAKDOWN BY AGE PROPERTIES



properties are sustainable in the long term, regular renovation, refurbishment and extension work is conducted, known as ROT projects. In recent years, Lundbergs Fastigheter has invested heavily in new construction; in total, the company built 1,200 new rental apartments between 2014 and 2020. An additional 40 apartments in Stångebro Strand in Linköping will be completed in 2021. 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 210,000 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 2020.

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.” 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.

In May 2019, the first sod was turned for LINK Business Center in Linköping and in 2020, the new office building has emerged along Stångån in the central parts of the city. In total, approximately 13,000 sqm of lettable space is offered and already one year before completion, the building is almost fully let.

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.

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 is focusing intently 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, 2020 was estimated at SEK 25,321 m. (23,945). The unrealized change in value, excluding completed in-

vestments and acquisitions, was SEK 721 m. during the year, corresponding to 3.0%. The average value per square meter of rentable space was SEK 28,544 (28,175) and the average yield was 4.0% (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 73.

In March 2020, the Laxen 10 and Björnen 10 properties in Huskvarna were divested. In April 2020, the company acquired the Hemvärnet 3 (Forstéenska gården) property in Norrköping.

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 2020 Lundbergs Fastigheter invested SEK 329 m. (448) in investment properties and SEK 404 m. (722) 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.

In Linköping, the final 237 of a total of 374 apartments in the Elitsegla property block in Southern Ekkällan were completed during the year. The location is close to the city, offering both nature and city life at a comfortable walking distance. Everything is offered here from spectacular views to terraced rental units with entrances from the inner courtyard. NCC was the turnkey contractor and the invest-

ment was about SEK 774 m. The first tenants moved in during autumn 2019 and the project was completed in late 2020. In central Linköping, with the Stångån river as the closest neighbor, the region's new meeting place for business – LINK Business Center – is being built. The project encompasses about 13,000 sqm of leasable space and will be inaugurated in late 2021. Next to the office building, 40 rental apartments in a property called Stångebro strand are also being built. The office premises and residential units will occupy separate buildings, but share an underground garage. The project is a turnkey contract procured from Peab. Construction began in spring 2019 and occupancy will start in late 2021. The investment is estimated at about SEK 730 m.

During the first quarter of 2020, construction was completed on a community service property in the Nätet block in Norra Munktelstaden, Eskilstuna, with the Municipality of Eskilstuna as the tenant. The property contains retirement homes, a catering center and a preschool. The project is being implemented as a general contract in cooperation with Byggpartner i Dalarna and the investment amounts to about SEK 210 m.

On the Torget 6 property in Norrköping, the second phase of 27 apartments was completed in February 2020. The project comprised an add-on construction of residential units and a conversion of offices into residential space. The first phase of 15 apartments was completed in November 2019. Åhlin & Ekeröth was the turnkey contractor and the investment was about SEK 200 m.

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 2023. Investments in ROT totaled SEK 177 m. in 2020. Due to the COVID-19 pandemic, the company had to postpone certain ROT projects.

Planned annual investments in ROT over the next few years are estimated at



about SEK 300 m. ROT projects are planned for Södertälje, Eskilstuna and Norrköping in 2021.

Development properties

The company's development properties are located in central Sweden. At year-end, the estimated value of the development properties was SEK 416 m. (422). The previously initiated planning work in Enköping and Örebro continued during the year. Planning is under way of 500–600 residential units in Storskogen, outside Enköping, and about 100 residential units in Lillån, Örebro. Development work was also conducted at Nätet in Eskilstuna and Björkalund in Norrköping.

Developable land for apartment blocks and single-family dwellings was sold for a total of SEK 60 m., resulting in a capital gain of SEK 32 m.

Sales and earnings

Net sales totaled SEK 1,570 m. (1,477). Rental revenues rose SEK 84 m. to SEK 1,484 m. (1,400). For comparable properties, rental revenues rose 2.1%. The vacancy rate totaled 3.6% (3.6) during the year, of which residential units accounted for 3.2% (3.7) and commercial premises for 3.8% (3.6).

Operating costs, excluding property tax, amounted to SEK 222 m. (221). Total normal-year adjusted energy consumption decreased, as did costs for comparable properties. Property tax amounted to SEK 79 m. (82). Maintenance costs totaled SEK 177 m. (166). Operating profit before changes in value amounted to SEK 902 m. (820). Operating profit including changes in value was SEK 1,634 m. (2,168).

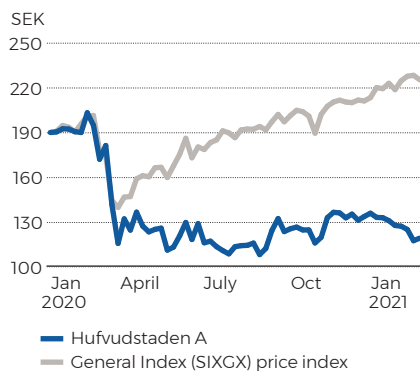
KEY FIGURES 2020	Stockholm Region	West Region	East Region	Total
Number of properties	28	46	57	131
Fair value, SEK m.	8,711	5,100	11,509	25,321
Number of apartments	2,163	1,966	2,776	6,905
Residential, sqm	162,845	137,291	195,453	495,589
Residential, rent per sqm, SEK	1,190	1,238	1,411	1,291
Residential, rental value, SEK m.	194	170	276	640
Residential, rent-based vacancy rate, %	1.0	2.3	5.4	3.2
Office and retail, sqm	57,316	83,800	159,673	300,789
Other commercial premises, sqm	39,951	40,297	111,107	191,355
Office/retail, rent per sqm, SEK	4,110	1,824	2,388	2,559
Other commercial premises, rent per sqm, SEK	1,137	727	758	830
Office/retail, rental value, SEK m.	236	153	381	770
Other commercial premises, rental value, SEK m.	45	29	84	159
Office/retail, rent-based vacancy rate, %	1.3	2.7	5.3	3.6
Commercial premises, number of rental contracts	265	271	738	1,274



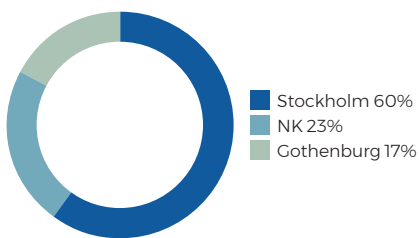
Hufvudstaden

Holding since 1998

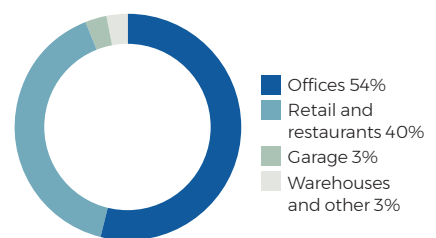
THE HUFVUDSTADEN SHARE



ANNUAL RENTAL REVENUES BY BUSINESS AREA



ANNUAL RENTAL REVENUES BY TYPE OF PREMISES



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

Hufvudstaden's properties are situated in prime locations in Stockholm and Gothenburg. The company owns commercial office and retail properties in the central business districts, including Hamngatan, Norrmalmstorg, Kungsgatan and Bibliotekstan in Stockholm and Inom Vallgraven and Östra Nordstan in Gothenburg. This makes Hufvudstaden one of the most specialized and geographically concentrated real estate companies in Sweden. Rentable space totals 386,800 square meters, with an annual rental value of SEK 2.0 billion. The real estate portfolio was market valued at SEK 45.6 billion at the end of 2020.

Business areas

The operation is divided into three business areas. The *Stockholm* business area consists of 22 properties with total rentable space of 206,200 square meters. This area has constituted the core of the real estate portfolio since the company was formed 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 92,000 square meters. 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. Retail and Brands' NK operations, which operate approximately 40 fashion, cosmetics and jewellery departments at NK Stockholm and NK Gothenburg department stores, were acquired in early 2021. The *Gothenburg* business area has four properties with total rentable space of 88,700 square meters. 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.

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. Objectives and strategies are adopted for sustainability activities that match the UN Sustainable Development Goals. The sustainability activities comply with the principles of the UN Global Compact and are pursued on the basis of Hufvudstaden's code of conduct and sustainability targets adopted for, among other things, 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

10.1%

Chair Fredrik Lundberg

CEO Ivo Stopner

Board members associated with Lundbergs

Claes Boustedt, Louise Lindh, Sten Peterson

LUNDBERGS' HOLDINGS

FEB 23, 2021

Number of Series A shares	85,200,000
Number of Series C shares	8,177,680

KEY FINANCIAL DATA

	2020	2019
Net sales, SEK m.	1,840	1,981
Operating profit before value changes, SEK m.	1,193	1,356
Profit after net financial items, SEK m.	-1,833	3,968
Earnings per share, SEK	-7.13	15.25
Debt/equity ratio, multiple	0.3	0.2
Net asset value/share, SEK ¹⁾	173	185
Dividend/share, SEK	2.50 ¹⁾	3.90
Share price, Series A, Dec 31, SEK	136.20	185.10

¹⁾ The Board of Directors' proposal.

LARGEST SHAREHOLDERS¹⁾

DEC 31, 2020	share capital, %	voting rights, %
Lundbergs	46.2	88.4
State Street Bank and Trust	5.1	1.0
JP Morgan Fonder	4.8	1.0
BNY Mellon Fonder	4.6	0.9
City Bank	3.8	0.8

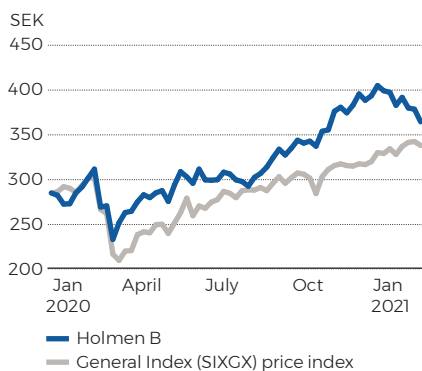
¹⁾ The proportion of share capital and voting rights is calculated after a deduction for treasury shares.



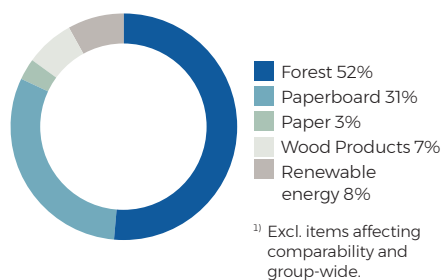
Holmen

Holding since 1988

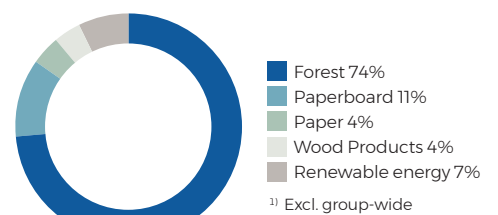
THE HOLMEN SHARE



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, at the same time as generating hydro and wind power electricity on its own land. The forest is managed to provide a healthy annual return and stable value growth, while the industrial operations are run with a focus on profitability and adding value.

Holmen's value creation begins in the sustainably managed forest, which supplies renewable raw materials that are the basis for high-quality products appreciated by customers throughout the world. 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.

Business areas

Forest is responsible for the management and development of Holmen's forest holdings and for the efficient supply of timber to the 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 produces high-quality sawn timber in pine and spruce for carpentry and construction. Following the acquisition of Martinsons on October 1, 2020, production is carried out at five sawmills close to Holmen's own forests with annual production of 1.6 million cubic meters, enabling Holmen to 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. Sales of sawn timber products will grow through increased processing and better utilization of raw materials.

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 50% 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.

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 be managed with a focus on long-term profitability. Industrial operations are conducted with a focus on long-term profitability and the objective is to sustainably achieve a return on capital employed of more than 10%.

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

SHARE OF LUNDBERGS' HOLDINGS

18.7%

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

LUNDBERGS' HOLDINGS

FEB 23, 2021

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

KEY FINANCIAL DATA

	2020	2019
Net sales, SEK m.	16,327	16,959
Operating profit excl. items affecting comparability, SEK m.	2,479	2,345
Earnings per share, SEK	12.2	52.6
Debt/equity ratio, multiple	0.10	0.09
Average number of employees	2,974	2,915
Dividend/share, SEK	10.75 ¹	3.50
Share price, Series B, Dec 31, SEK	393.60	285.20

¹ The Board of Directors' proposal, of which ordinary dividend of SEK 7.25 and extra dividend of SEK 3.50.

LARGEST SHAREHOLDERS¹

DEC 31, 2020	share capital, %	voting rights, %
Lundbergs	34.1	62.3
Kempe foundations	7.4	17.5
Carnegie Funds Sweden	5.3	1.5
SEB Funds	4.3	1.2
Alecta Pension Funds	2.8	0.8

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



Industrivärden

Holding since 2002

Industrivärden is a long-term asset manager with a concentrated portfolio of listed Swedish companies with favorable value potential. Shareholder value is generated through professional investing activities and active ownership in order to contribute to the portfolio companies' operational and strategic development as well as long-term value creation. 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 consists of Swedish quality companies with leading market positions in their respective industries. A considerable part of the portfolio is exposed to the engineering industry, commercial vehicles, bank operations and consumer products.

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 natu-

ral 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. Industrivärden's organization is cost-effective and characterized by high flexibility and short decision-making paths.

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

19.9%

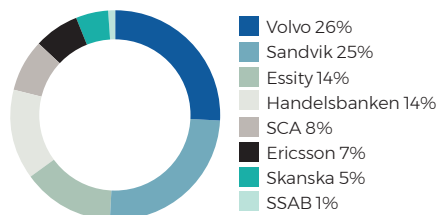
Chair Fredrik Lundberg
CEO Helena Stjernholm
Board members associated with Lundbergs
 Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 23, 2021

Number of Series A shares	67,100,000
Number of Series B shares	10,000,000

COMPOSITION OF STOCK PORTFOLIO, SHARE OF MARKET VALUE, TOTAL SEK 129 BILLION



KEY FINANCIAL DATA

	2020	2019
Profit after tax, SEK m.	8,440	29,837
Net asset value, SEK billion	121.2	112.7
Net asset value per share, SEK	279	259
Debt/equity ratio, multiple	0.06	0.03
Dividend/share, SEK	8.25 ¹⁾	0.00
Share price, Series A, Dec 31, SEK	274.20	232.00

¹⁾ The Board of Directors' proposal, of which ordinary dividend of SEK 6.25 and extra dividend of SEK 2.00.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital, %	voting rights, %
Lundbergs	17.7	24.0
Handelsbanken's Pension Foundation	7.1	10.9
Jan Wallanders & Tom Hedelius Foundation	6.3	9.7
Spiltan Funds	4.2	0.9
Lundberg, Fredrik (incl. Förvaltnings AB Lunden)	2.4	3.1

THE INDUSTRIVÄRDEN SHARE



SHARE OF LUNDBERGS' HOLDINGS

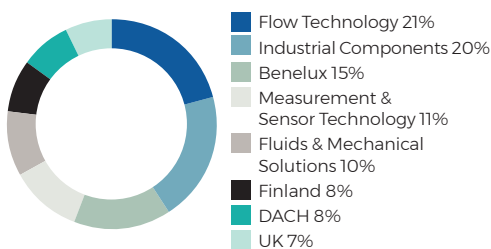
16.4%

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

LUNDBERGS' HOLDINGS
 FEB 23, 2021

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



KEY FINANCIAL DATA

	2020	2019
Net sales, SEK m.	19,217	18,411
Operating profit, SEK m.	2,266	2,016
Earnings per share, SEK	4.60	4.09
Debt/equity ratio, multiple	0.56	0.85
Average number of employees	7,349	7,167
Dividend/share, SEK	1.80 ¹⁾	0.00
Share price, Dec 31, SEK	176.20	111.73

¹⁾ The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital and voting rights, %
Lundbergs	26.6
State Street Bank and Trust Co W9	6.8
AMF Insurance and funds	5.8
JPM Chase NA	4.5
Alecta Pension Funds	4.4

THE INDUTRADE SHARE



Indutrade

Holding since 2005

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

The group comprises over 200 subsidiaries in more than 30 countries on six continents. The four principal geographic markets are Sweden, the UK & Ireland, Finland and Benelux. Indutrade has widespread representation in various customer segments. The dominating segments are Construction & Infrastructure, Engineering, Healthcare 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 2020, ten companies with combined annual sales of SEK 825 m. were acquired.

Indutrade's sustainability strategy is based on the companies in the group continuously developing and improving in a way that is financially, environ-

mentally 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.

Organization

The organization is strongly decentralized and the subsidiaries operate within clearly defined market niches. The companies have sophisticated skills in their respective areas of technology, thus generating added value for their customers. The group is divided into eight business areas: *Flow Technology, Industrial Components, Benelux, Measurement & Sensor Technology, Fluids & Mechanical Solutions, Finland, DACH* and *UK*.

Financial objectives

Indutrade's financial objective is that average annual sales growth will be at least 10% over a business cycle. This growth is to be achieved both organically and through acquisitions. 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 a European market leader in garden irrigation and it leads the global market in cutting equipment and diamond tools for construction and stone industries.

Husqvarna Group consists of three divisions, *Husqvarna*, *Gardena* and *Construction*. 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 mainly 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.

Customers are increasingly prioritizing sustainability, something that the group encourages and promotes. The company's sustainability plan – *Sustainovate 2025* – focuses on three areas: driving the transition to low-carbon solutions, rethinking and redesigning for a resource-smart customer experience and inspiring actions that make a lasting difference.

Financial objectives

The group's objective is to achieve organic sales growth that is at least 2 percentage points higher than average growth in the market. The operating margin should exceed 10% and operational working capital in relation to net sales must not be higher than 25%. The group also has ambitious environmental goals, including reducing carbon emissions by 35% throughout the value chain by 2025.

SHARE OF LUNDBERGS' HOLDINGS

4.0%

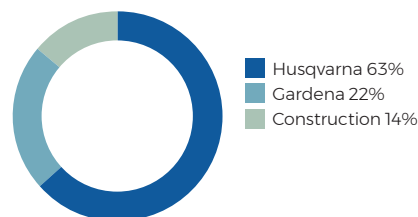
Chair Tom Johnstone
CEO Henric Andersson
Board members associated with Lundbergs
 Katarina Martinson, Lars Pettersson

LUNDBERGS' HOLDINGS

FEB 23, 2021

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

NET SALES BY DIVISION



KEY FINANCIAL DATA

	2020	2019
Net sales, SEK m.	41,943	42,277
Adjusted operating profit, SEK m. ¹	4,484	3,915
Earnings per share, SEK	4.35	4.42
Debt/equity ratio, multiple	0.38	0.65
Average number of employees	12,374	12,708
Dividend/share, SEK	2.40 ²	2.25
Share price, Series A, Dec 31, SEK	107.00	74.60

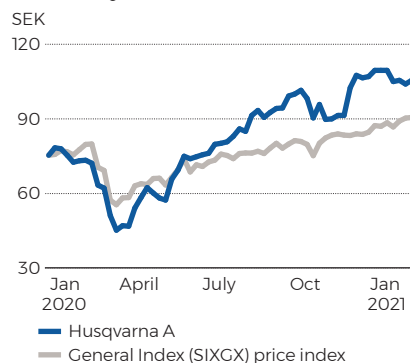
¹ Excluding items affecting comparability of a negative SEK 815 m. for 2020 and a negative SEK 225 m. for 2019.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital, %	voting rights, %
Investor	16.8	33.1
Lundbergs	7.6	25.2
Handelsbanken Funds	3.9	1.4
Swedbank Robur Funds	3.5	1.3
BlackRock	2.6	1.0

THE HUSQVARNA SHARE



SHARE OF LUNDBERGS' HOLDINGS

4.4%

Chair Pär Boman

CEO Carina Åkerström

Board members associated with Lundbergs

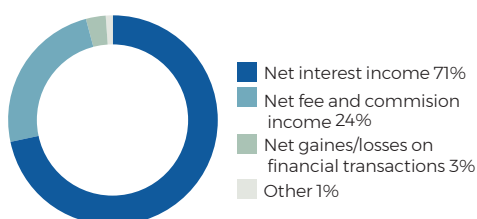
Fredrik Lundberg

LUNDBERGS' HOLDINGS

FEB 23, 2021

Number of Series A shares	56,000,000
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INCOME BY TYPE OF REVENUE



KEY FINANCIAL DATA

	2020	2019
Total income, SEK m.	44,248	44,564
Operating profit, SEK m.	20,135	21,796
Return on shareholders' equity ¹ , %	11.0	11.9
C/I ratio ¹ , %	48.8	48.3
Earnings per share, SEK	7.87	8.65
Common equity tier 1 ratio, %	20.3	18.5
Average number of employees	12,563	12,548
Dividend/share, SEK	4.10 ²	0.00
Share price, Series A, Dec 31, SEK	82.60	100.90

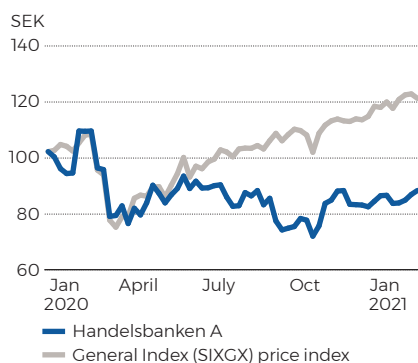
¹ Adjusted for items affecting comparability and exchange rates.

² The Board of Directors' proposal.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital, %	voting rights, %
Industrivärden	10.7	10.9
Oktogonen Foundation	10.2	10.3
Lundbergs	2.8	2.8
Handelsbanken funds	2.2	2.3
Swedbank Robur Funds	1.7	1.7

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 banks. Handelsbanken has six home markets: Sweden, the UK, Norway, Denmark, Finland and the Netherlands. Through a decentralized work method, digital solutions, stable finances and low risk tolerance, Handelsbanken builds long-term customer relations via its local office networks. Sustainability is deeply rooted in the bank's culture and work methods, and serves as one of the foundations for long-term value creation.

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.

No other privately owned bank in the world has a higher credit rating than Handelsbanken, whether it is a Fitch's, Moody's or Standard & Poor's rating.

Handelsbanken also offers a wide range of products and services in asset management. In 2020, new savings in the Bank's mutual funds in Sweden corresponded to a market share of 46%. In terms of total fund wealth, Handelsbanken is the second largest player on the Swedish mutual funds market, with a share that grew during the year to 11.9%.

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.

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 more than 160 countries. Sandvik has a strong focus on improving its 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. As of 2021, the group is divided into four business areas and 23 divisions. The divisions have complete profit responsibility, which creates a more entrepreneurial environment. Sandvik's dominating customer segments are mining, engineering, automotive, energy, construction and aerospace. The group ranks first or second in most of its relevant markets and segments. Sandvik has set four distinct sustainability goals for 2030 in the areas of circularity, climate change, safety and fair play. The company is included in several sustainability indexes and, as of 2020, it started to report KPIs for its sustainability goals in interim reports.

Business areas

Sandvik Machining Solutions manufactures tools and tooling systems for industrial metal cutting for the global engineering industry. It also offers digital solutions for optimizing its customers' productivity and advanced materials and solutions for additive manufacturing. *Sandvik Mining and Rock Solution* is a global leading supplier in equipment and tools, parts and service for the mining and construction 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 construction industries. *Sandvik Materials Technology* is a world-leading manufacturer of advanced stainless steel and special alloys for the most demanding industries. The offering includes tube, pipe, bar and strip steel as well as products for industrial heating.

Financial objectives

Sandvik's long-term financial objective is to achieve growth of at least 5% over a business cycle. The 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

6.3%

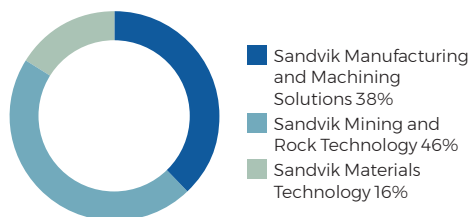
Chair Johan Molin
CEO Stefan Widing
Board members associated with Lundbergs
 Claes Boustedt

LUNDBERGS' HOLDINGS

FEB 23, 2021

Number of shares	31,500,000
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SALES BY BUSINESS AREA



KEY FINANCIAL DATA

Remaining operations	2020	2019
Invoiced sales, SEK m.	86,404	103,238
Adjusted operating profit, SEK m.	14,563	19,219
Adjusted earnings per share, SEK	8.64	11.12
Net debt/equity ratio, multiple	0.04	0.18
Number of employees	37,125	40,235
Dividend/share, SEK	6.50 ²	0.00
Share price, Dec 31, SEK	201.30	182.65

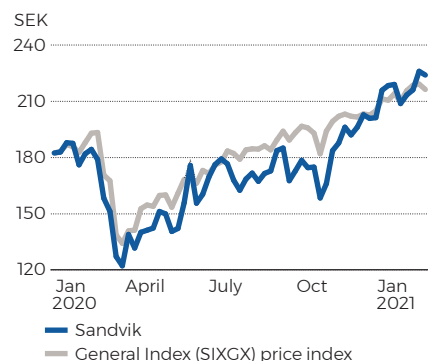
¹ Adjusted for items affecting comparability of a negative SEK 3.3 billion for 2020 and a negative SEK 5.8 billion for 2019.

² The Board of Directors' proposal, of which ordinary dividend of SEK 4.50 and extra dividend of SEK 2.00.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital and voting rights, %
Industrivärden	12.5
Alecta Pension Funds	5.1
Swedbank Robur Funds	3.4
BlackRock	2.9
Vanguard	2.6
Lundbergs	2.4

THE SANDVIK SHARE



SHARE OF LUNDBERGS' HOLDINGS

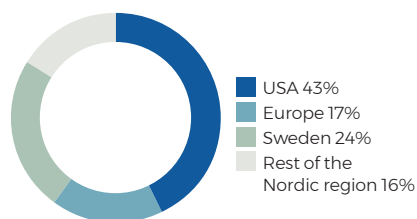
4.1%

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

LUNDBERGS' HOLDINGS
 FEB 23, 2021

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

REVENUES BY MARKET, CONSTRUCTION



KEY FINANCIAL DATA

	2020	2019
Revenues, SEK m.	158,606	176,782
Operating profit, SEK m.	11,860	7,828
Earnings per share, SEK	22.46	15.46
Net debt/equity ratio, multiple	-0.19	0.15
Average number of employees	32,463	34,756
Dividend/share, SEK	9.50 ¹⁾	3.25
Share price, Series B, Dec 31, SEK	209.70	211.70

¹⁾ The Board of Directors' proposal, of which ordinary dividend of SEK 6.50 and extra dividend of SEK 3.00.

LARGEST SHAREHOLDERS

DEC 31, 2020	share capital, %	voting rights, %
Industrivärden	7.4	24.3
Lundbergs	5.1	12.7
AMF Insurance and Funds	5.8	4.0
Swedbank Robur Funds	3.3	2.3
Alecta Pension Funds	3.1	2.2

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 competitive solutions for both basic and the most complex assignments. Skanska also endeavors to improve its operational efficiency, attract employees and manage risks.

Business sectors

Skanska has three business streams. *Construction* is the group's largest 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. 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.

Skanska's values and work methods are based on sustainability, which benefits the business and helps to generate profitability and shareholder value. Skanska's climate goal, which was established in 2020, entails that the company will halve its own emissions by 2030, with 2015 as the base year, and be completely climate neutral throughout the value chain by 2045.

Financial objectives

Skanska's financial objective is that the group will achieve an annual return on equity of at least 18%. The construction operations are to generate an operating margin of at least 3.5%. The project development operations are to generate an annual return on capital employed of at least 10%.

Skanska's target for financial strength is that its adjusted interest-bearing net debt should not exceed SEK 9 billion.

2020

2019

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 2020 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.

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 53–57. The Sustainability Report is presented on pages 22–29.

Sales and earnings

Consolidated net sales amounted to SEK 19,887 m. (21,655).

Operating profit amounted to SEK 4,735 m. (23,560). Unrealized value changes and impairment losses impacted profit negatively by SEK 1,587 m. (pos: 13,574). Of the unrealized changes in 2019 SEK 9,079 m. corresponded to unrealized changes in value of forest assets of Holmen.

Net financial items amounted to an expense of SEK 264 m. (expense: 225).

Profit after financial items totalled SEK 4,471 m. (23,335). Profit after tax was SEK 4,108 m. (19,535). Earnings per share attributable to the Parent Company's shareholders was SEK 14.48 (48.09).

COVID-19 impacted sales, mainly via lower rental revenue, the non-payment of dividends and reduced demand for paper. In addition, earnings were affected by the decline in the value of properties in Hufvudstaden.

Tax

The Group's tax cost amounted to SEK 363 m. (3,800).

Investments

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

Shareholders' equity

The Group's shareholders' equity increased by SEK 3,313 m. The change primarily comprised from profit for the period of SEK 4,108 m., other comprehensive income SEK 515 m., dividends paid amounted to an expense of SEK 814 m. and repurchase of own shares in Hufvudstaden amounted to an expense of SEK 500 m.

The Group's shareholders' equity amounted to SEK 128,723 m. (125,410), of which non-controlling interests accounted for SEK 43,471 m. (44,214).

Financing

Interest-bearing net debt increased by SEK 2,315 m. to SEK 19,522 m. (17,208). Interest-bearing liabilities amounted to SEK 21,488 m. (20,325) and interest-bearing assets to SEK 1,966 m. (3,117). The equity/assets ratio was 72% (72). The debt/equity ratio was 0.15 (0.14).

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 companies, 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 81. 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 80.

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 totalled SEK 1,720 m. (2,715) and operating profit was SEK 3,994 m. (8,390).

Real Estate Operations

Net sales totalled SEK 1,570 m. (1,477) and operating profit was SEK 1,634 m. (2,168), which was attributable to the non-payment of dividends and a significantly lower transaction volume in other securities.

The decrease in operating profit was primarily due to unrealized changes in value in the investment properties, which amounted to SEK 721 m. (1,348). The total vacancy rate was 3.6% (3.6).

Investments in investment properties amounted to SEK 329 m. (448), in property projects to SEK 404 m. (722) and in equipment to SEK 3 m. (2). One residential and one commercial project are currently under construction in Linköping.

An internal valuation was conducted of the real estate portfolio at December 31, 2020, 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 fair value is estimated at SEK 25,321 m. (23,945). The valuation method and assumptions are described in Note 18 on page 73.

Development properties are recognized in the balance sheet in an amount of SEK 115 m. (122), constituting the lower of the acquisition value and net realizable value. Development properties were sold for SEK 60 m. (41).

Equity management

Net sales totaled SEK 150 m. (1,238) and operating profit was SEK 2,361 m. (6,221), which is explained by lower dividends and lower volumes of transactions in other securities.

Operating profit includes profit from shares in associated companies amounting to SEK 2,251 m. (5,566), of which Husqvarna accounted for SEK 188 m. (191), Indutrade for SEK 445 m. (388) and Industrivärden for SEK 1,618 m. (4,986).

During the year, the Parent Company invested a total of SEK 1,289 m. (1,026) in publicly traded shares. The investment comprised 5,000,000 Series A shares in Handelsbanken for SEK 410 m., 2,500,000 Series C shares in Industrivärden for SEK 583 m. and 1,500,000 Series B shares in Skanska for SEK 297 m. Net investments in shares amounted to SEK 1,412 m. (876).

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 favorable 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 coronavirus pandemic severely impacted both stores and restaurants, and added to the ongoing structural transformation in the retail sector; operations in 2021 will probably also be impacted by the same causes. Demand for both newly produced and existing office premises also slackened somewhat. However, it is difficult to predict whether the coronavirus 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. Sick 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 2020 that require permits or notification in accordance with the Environmentally Hazardous Activities and Health Protection Ordinance (1998:899).

Outlook

Because Lundbergs' real estate portfolio is concentrated in central locations, it is anticipated that demand for the company's residential and commercial premises will be stable. The leasing rate at the start of 2021 is favorable. Lundbergs continues to actively develop its existing real estate portfolio, at the same time as the company implements investments in new projects.

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 that provided below, refer to Hufvudstaden's 2020 annual report.

Sales and earnings

Net sales totaled SEK 1,840 m. (1,981). The operating result was negative SEK 1,702 m. (pos: 4,086), with the decline mainly due to negative unrealized changes in the value of properties that include a significant proportion of stores and restaurants. The result before unrealized value changes decreased by SEK 128 m.

COVID-19-related rent discounts during the year amounted to about SEK 123 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 8.2% (5.0).

Investment properties

During the year, SEK 886 m. (865) was invested in properties, SEK 60 m. (59) in intangible assets and SEK 3 m. (4) in equipment.

An internal valuation was conducted of the real estate portfolio at December 31, 2020, 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 12 properties, corresponding to 56% of the internally estimated market value, and the corresponding percentage at June 30 was 44%.

The fair value is estimated at SEK 45,637 m. (47,681).

The valuation method and assumptions are described in Note 18 on page 73.

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.

The coronavirus pandemic severely impacted both stores and restaurants, and added to the ongoing structural transformation in the retail sector; operations in 2021 will probably also be impacted by the same causes. Demand for both newly produced and existing office premises also slackened somewhat. However, it is difficult to predict whether the coronavirus pandemic will have longer term consequences.

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

In 2021, the focus will continue to be on bridging the effects of the ongoing pandemic.

The transition under way in the retail sector has been accelerated and growth there mainly derives from online shopping. The

development of the company's physical and virtual marketplaces will continue, particularly in NK. The NK operations of Departments and Stores Europe AB were acquired in early 2021. This acquisition creates potential to increase the pace of development in both NK department stores and NK online shopping.

There is increased interest in high flexibility and service levels in the office market. To satisfy this demand, Cecil Coworking was opened at the beginning of 2021 in Bibliotekstan, Stockholm. The number of turnkey REDO offices in Stockholm and Gothenburg is increasing.

While the pandemic has in all likelihood accelerated social changes, the belief, however, is that people will still want to meet in the future, both professionally and socially. Face-to-face encounters create opportunities for exchange of ideas, innovation and business, as well as culture and experiences. Offices, stores and restaurants are a prerequisite for this.

Hufvudstaden's property portfolio is located in the most central parts of Sweden's two largest cities. Despite the pandemic, these regions are considered attractive, with a dynamic business sector, large-scale infrastructure projects, population growth and as appreciated tourist destinations.

The company's financial position remains strong, with favorable prospects to continue to develop properties and marketplaces. Projects for increasing future profitability and increasing property value are assigned priority. A sustainable approach, with the focus on quality and long-term property management, will be retained. The business model creates a platform for favorable profit growth upon a return to more normal conditions.

HOLMEN

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

For a more detailed description than that provided below, refer to Holmen's 2020 annual report.

Sales and earnings

Net sales amounted to SEK 16,327 m. (16,959).

Operating profit amounted to SEK 2,479 m. (1,115, of which, 9,079 related to the change in value of forest assets).

Lower production costs in the Paperboard business area and higher wood product prices had a positive impact on earnings, though this effect was offset by price decreases and production curtailments in the Paper business area.

The COVID-19 outbreak had an adverse impact on the profitability of the paper business area while the effect on other business areas was limited.

Investments

Investments, including the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products, totaled SEK 2,006 m. (1,071).

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. At the same time, Holmen sells hydro and wind power electricity, as well as biofuel, to the electricity grid. In net terms, own electricity production corresponds to about 50% of total electricity consumption. Physical fixed-price agreements and financial hedges are used to manage the price risk associated with this consumption. 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. The COVID-19 outbreak had an adverse impact on the profitability of the Paper business area during the year, while the effect on other business areas was limited. In 2020, Holmen worked continuously on actions to minimize the effects of the virus 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 the replacement value against property damage and business interruption losses. The deductible varies among the different plants, but generally does not exceed about SEK 35 m. for an individual claim. The group's forest holdings are not insured. The woodland areas are spread over large parts of the country, and the risk of significant simultaneous damage is considered low. Holmen has liability insurance that also covers sudden, unexpected damage to the environment that affects a third party.

Non-financial profit indicators

Personnel

Holmen's values, courage, commitment and responsibility are what guides the company in its internal relations, in its relations to customers and in its approach to work. These values are integrated into processes and tools, such as in the recruitment process, performance dialogues, as a complement to the management-by-

objectives model and as a foundation for internal leadership and employee programs.

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 4.3% (3.8). 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 2020, 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 2020, all operations at Holmen's production facilities were OSHAS 45001 certified, apart from the Martinsons sawmill, which was acquired in 2020. In addition to these certifications, all plants that used wood raw materials had chain-of-custody certification for the wood used.

Outlook

The strong wood product market is fueling demand for timber from the forest. Following a year of weaker demand for pulpwood, due to production curtailments in primarily the paper industry, there are signs that demand has started to rise again. The way the spread of the spruce bark beetle developed during the year was due largely to external conditions, such as temperature and precipitation.

The paperboard market favorably withstood the effects of COVID-19. Holmen continues its work to gradually increase sales to the most ambitious packaging companies in pace with higher efficiency in its paperboard production. The pandemic has further compounded the underlying structural decline for paper. Holmen's strategy of developing paper products that put the virgin fiber to its best use is competitive over time and stands firm.

The acquisition of Martinsons has doubled Holmen's wood products business. In 2021, the focus will be on capitalizing on the broader product offering resulting from this acquisition and on developing sales to building suppliers and large-scale construction projects, while continuing to develop existing mills.

The European energy market is undergoing a major transformation and, with an increased electrification of both transport and industries, the need for more renewable electricity will rise. The

Blåbergsliden wind farm, which is scheduled to come on stream in autumn 2021, is expected to increase Holmen's electricity production.

Parent Company

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

Net profit for the year amounted to SEK 1,267 m. (1,655). Profit includes dividends of SEK 1,224 m. (1,874).

Net investments in publicly traded shares amounted to SEK 1,289 m. (1,026).

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 42.3% of the share capital and 70.95% of the voting rights. Fredrik Lundberg is followed by Louise Lindh (including family) and Katarina Martinson (including family), who each own 14.0% of the share capital and 11.2% 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 June 4, 2020 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 2021 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 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 2021, the company had 46,338 shareholders. The ten largest owners had total holdings corresponding to 78.7% of the share capital. Foreign investors owned about 8.7% 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 2020 AGM was held on Juni 4, 2020. 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. CEO Fredrik Lundberg provided a presentation of Group operations during 2019.

The auditors presented a report on their audit to the AGM through the submitted auditors' report and a verbal account of their work during the past year. At the AGM, it was resolved to adopt the presented income statements and balance sheets and to discharge the Board members and the CEO from personal liability for the fiscal year. The AGM also resolved on guidelines for the remuneration of senior executives in accordance with what is stated on pages 52-53 of the Annual Report, in addition to authorizing the Board to decide on the acquisition of company 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 Lundberg-företagen AB's Board of Directors, which was elected by the 2020 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, among other positions. 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 President of Fastighets AB L E Lundberg. Fredrik Lundberg is President and CEO of L E Lundberg-företagen 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 Vice 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 2020 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 2021 AGM, which resulted in the proposal regarding the Board of Directors presented in the notification of the AGM. The proposal of the major shareholders entails that nine Board members are to be appointed, including three women and six men, corresponding to 33,3% women.

Chair

At the 2020 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. Eight meetings of the Board were held during 2020. 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, with the exception of Lars Pettersson, who was unable to attend one meeting. 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 2020 AGM, it was resolved that fees to the

Board for the period extending from the 2020 AGM to the 2021 AGM would total SEK 2,800,000, of which SEK 840,000 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 280,000. 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 structure functions well and provides the entire Board with full insight into and opportunities to actively participate in these important tasks. During 2020, 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 2020, 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 28,981,000 Series B shares in the company, or a total of 104,981,000 shares, at December 31, 2020.

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 2020 AGM, KPMG was elected the company's audit firm for a term of office of one year. Authorized Public Accountant Joakim Thilstedt is auditor-in-charge. Other major assignments performed by Joakim Thilstedt include Ahlsell, Holmen, Hufvudstaden, Nordic Entertainment Group and ÅF Pöyry.

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 KPMG AB in matters mainly related to the consolidated

financial statements. The amounts of remuneration paid to KPMG are presented on page 68. In its capacity as auditor of L E Lundbergföretagen AB and its subsidiaries, KPMG 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 2018 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 2020 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).

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, primarily by asking questions and familiarizing itself with 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 3.50 per share, or a total of SEK 868 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	2020	2019
Net sales	4	19,887	21,655
Other revenues, etc.	5	1,063	1,122
		20,950	22,777
Raw materials, consumables and cost of sold inventory shares		-8,855	-9,957
Personnel costs	6	-2,735	-2,654
Other external costs	7	-4,057	-4,547
Depreciation	8	-1,191	-1,161
Impairment losses	20		-109
Results from participations in associated companies and joint ventures	9	2,246	5,566
		-14,593	-12,862
Changes in value of investment properties and derivatives	10	-2,201	4,079
Changes in value of biological assets	11	579	9,566
Operating profit	12	4,735	23,560
Financial income		12	14
Financial expense		-276	-239
Net financial items	13	-264	-225
Profit after financial items		4,471	23,335
Tax	14	-363	-3,800
Net profit for the year		4,108	19,535
Attributable to			
Parent Company's shareholders		3,591	11,927
Non-controlling interests		517	7,607
		4,108	19,535
Earnings per share attributable to the Parent Company's shareholders, SEK (there is no dilution effect)		14.48	48.09

Statement of comprehensive income

GROUP, SEK m.	Note	2020	2019
Net profit for the year		4,108	19,535
Other comprehensive income			
Items that cannot be transferred to profit or loss			
Revaluation of forest assets		1,173	13,055
Financial assets measured at fair value		-376	3,311
Revaluation of defined-benefit pension plans		-21	-9
Tax attributable to items that cannot be transferred to profit or loss	14	-165	-3,056
Proportion of other comprehensive income in associated companies		13	-32
		625	13,269
Items that can be or have been transferred to profit or loss			
Cash flow hedging			
Revaluation of derivatives		380	-277
Transferred to profit or loss		-105	247
Transferred to fixed assets		-2	-7
Translation difference on foreign operations		-187	141
Hedging of currency risk in foreign operations		29	-2
Tax attributable to items that can be or have been transferred to profit or loss	14	-61	8
Proportion of other comprehensive income in associated companies and joint ventures		-164	50
		-110	161
Other comprehensive income after tax		515	13,430
Total comprehensive income for the year		4,623	32,965
Attributable to			
Parent Company's shareholders		3,453	18,288
Non-controlling interests		1,169	14,677
		4,623	32,965

Balance sheet

GROUP, SEK m.	Note	Dec 31, 2020	Dec 31, 2019
ASSETS	37		
Fixed assets			
Intangible fixed assets	15	769	227
Tangible fixed assets	16	9,264	8,942
Forest assets	17		
Biological assets		28,663	27,979
Forest land		14,538	13,366
Investment properties	18	70,772	71,625
Right-of-use assets	19	971	958
Participations in associated companies and joint ventures	2, 20	29,753	27,086
Financial investments	21, 37	15,234	14,904
Other shares and participations	22	2	2
Long-term financial receivables	23, 37	313	474
Deferred tax assets	14	1	1
Total fixed assets		170,281	165,564
Current assets			
Properties classified as current assets	24	115	122
Inventories	25	4,353	4,031
Accounts receivable	26	2,069	2,045
Tax receivable	14	6	
Other operating receivables	26	1,349	899
Current financial receivables	23, 37	44	15
Cash and cash equivalents	23	1,608	2,628
Assets held for sale	18	185	
Total current assets		9,730	9,739
TOTAL ASSETS		180,011	175,302
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	28		
Share capital		2,480	2,480
Reserves	29	10,044	10,188
Earnings brought forward, including net profit for the year		72,728	68,528
Shareholders' equity attributable to Parent Company shareholders		85,252	81,196
Non-controlling interests	2, 30	43,471	44,214
Total shareholders' equity		128,723	125,410
Liabilities			
Long-term liabilities			
Long-term financial liabilities	23, 37	17,123	13,218
Long-term liabilities, right-of-use assets	23, 37	856	907
Other long-term liabilities		120	82
Provision for pensions	31	224	210
Other provisions	32	506	653
Deferred tax liabilities	14	23,913	23,975
Total long-term liabilities		42,742	39,045
Current liabilities			
Current financial liabilities	23, 37	3,164	5,936
Current liabilities, right-of-use assets	23, 37	121	54
Accounts payable	33	2,750	2,513
Current tax liability	14	241	158
Provisions	32	163	158
Other current liabilities	33	2,106	2,029
Total current liabilities		8,546	10,847
Total liabilities		51,288	49,892
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		180,011	175,302

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 January 1, 2019	2,480	3,794	57,889	64,163	31,681	95,844
Net profit for the year			11,927	11,927	7,607	19,535
Revaluation of forest land ¹		3,378		3,378	6,988	10,366
Other comprehensive income		3,016	-34	2,982	82	3,064
		6,394	11,893	18,288	14,677	32,965
Dividends			-794	-794	-1,179	-1,972
Share-savings program ¹			1	1	3	4
Share buybacks ²			-466	-466	-964	-1,430
Changes in Group composition			3	3	-3	0
SHAREHOLDERS' EQUITY on Dec. 31, 2019	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
Indrag aktier ¹			570	570	-570	-
Share-savings program ¹			1	1	2	2
Share buybacks ²			-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

¹) Pertains solely to Holmen.

²) For 2020, relates to the buyback of shares in Hufvudstaden and for 2019 relates to the buyback of shares in Holmen.

Cash flow statement

GROUP, SEK m.	Note 27	2020	2019
Operating activities			
Profit before taxes		4,471	23,335
Adjustments for items not included in cash flow		640	-17,208
Taxes paid		-749	-482
		4,362	5,645
Change in inventories		70	282
Change in current receivables		-73	-69
Change in current liabilities		-215	331
CASH FLOW FROM OPERATING ACTIVITIES		4,143	6,189
Investing activities			
Acquisition of tangible fixed assets		-1,160	-1,033
Divestment of tangible fixed assets		81	21
Investment in investment properties		-1,619	-2,035
Divestment of investment properties		89	-
Acquisition of financial assets		-2,128	-1,026
Acquisition of subsidiaries, associated companies and joint ventures			-25
Change in long-term financial receivables		141	15
Acquisition of other fixed assets		-70	-77
CASH FLOW FROM INVESTING ACTIVITIES		-4,666	-4,161
Financing activities			
Loans raised		7,850	8,350
Loans repaid		-4,050	-6,700
Change in current financial liabilities		-2,982	870
Change in current financial receivables		4	13
Share buybacks ¹		-500	-1,430
Dividend paid to Parent Company's shareholders		-	-794
Dividend paid to non-controlling interests		-814	-1,179
CASH FLOW FROM FINANCING ACTIVITIES		-493	-869
CASH FLOW DURING THE YEAR		-1,015	1,160
Cash and cash equivalents on January 1		2,628	1,466
Exchange-rate effects		-4	1
Cash and cash equivalents on December 31		1,608	2,628

¹) For 2020, relates to the buyback of shares in Hufvudstaden and for 2019 relates to the buyback of shares in Holmen.

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.

A decision has been made by the EU to give Member States the right to postpone reporting according to ESEF for one year. A legislative amendment is proposed to take effect on March 15, 2021, with retroactive effect from January 1, 2021, by which reporting according to ESEF will occur for the first time for the annual consolidated reports for 2021. For that reason, L E Lundbergföretagen will not prepare an annual report for 2020 according to ESEF.

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 2020

New and amended IFRSs with application from 2020 do not have any material impact on the company's financial statements. Amendments to IFRS 9 and IFRS 7 were adopted on January 15, 2020 as a result of the reference rate reform. The amendments provide temporary exceptions from the application of specific requirements for hedge accounting for hedging relationships that are directly impacted by this reform. The exceptions apply to hedge accounting so that companies should not have to discontinue hedging relationships due to uncertainty concerning the reform. The amendments are to be applied as of 1 January 2020. 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. Consequently, the reform is not expected to have any material impact on the Group's financial statements. See also Note 23.

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 recognized 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 (the exception is intra-Group rents, which are recognized in their entirety as they arise). Unrealized gains arising from transactions with associated companies and jointly controlled companies are eliminated to an extent corresponding to the Group's ownership share in the companies. Unrealized losses are eliminated in accordance with the same criteria as eliminations of unrealized gains, but only to the extent there is no indication of impairment.

Foreign currency

Transactions in foreign currency

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

NOTE 1 – cont.**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.

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 Timber AB, Holmen Skog AB and Holmen Energi AB.

Revenues**Net sales**

Consolidated net sales consist of revenues from real estate operations, equity management and invoiced sales, excluding value added tax attributable to products, timber and energy. Where appropriate, net sales have been reduced by discounts and similar revenue reductions and include exchange-rate differences on sales. 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.

Sales of energy are different from other sales since delivery takes place on the date of production, which is also the date on which revenue is recognized.

The services provided by the subsidiary Holmen are limited and essentially pertain to forest management services. Holmen essentially only acts as principal and sales transactions are supported by agreements. For Holmen, 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.

Through the acquisition of Martinsons on October 1, 2020, Holmen's operations also include wood construction solutions. Income from this activity is treated as a commercial construction contract and reported over time, based on hours worked in relation to the total estimated working hours of the project. Projects usually do not extend beyond twelve months. Accrued income related to commercial construction contracts is initially recognised as contract assets, since the right to payment is conditional upon customer approval. When the customer has accepted the goods, the amount of the contract asset is recognised as a receivable instead. Advances received are included in the contract liability.

The date on which control, risks and rewards are transferred is a critical component of revenue recognition.

Payment terms vary from market to market, and the Group normally follows the current practice in each market.

Consolidated net sales are specified in Note 4.

Other revenues

Revenues attributable to activities outside the ordinary business operations, changes in inventories and capitalized work on the company's own behalf.

Revenues from property sales are recognized on the date of transfer. Circumstances beyond the control of the seller and/or buyer that could affect completion of the transaction are also taken into consideration.

Revenues from sales of products are recognized when the significant control associated with ownership of the products has been transferred to the buyer.

Revenues from service assignments are recognized based on the degree of completion on the balance sheet date.

Renewable energy certificates are allocated in relation to the production of renewable energy, according to a quota system that has been introduced to promote electricity production and the use of renewable energy sources. Revenues from allocated certificates are recognized as other operating income in the same period as production occurs. Certificates sold on forward contracts are measured at net realizable value. Unsold certificates are measured at the lower of acquisition value and market value.

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 46 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 paid is less than 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

NOTE 1 – cont.

derivatives that do not qualify for hedge accounting are recognized in profit or loss. Financial investments are measured at fair value.

Financial liabilities – measured initially as consideration received less any transaction costs, apart from the type of financial liabilities that are measured at fair value via profit or loss, in which case no deductions are made for transaction expenses. Liabilities are normally measured at amortized cost using the effective interest method. If the consideration received is less than 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 – 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 as used as cash-flow hedges, and they are also used for reducing interest rate risk by exchanging variable interest rates to fixed rates. The latter interest-rate swaps are recognized at fair value through profit or loss.

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.

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 life (years) is 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 recognised in profit or loss. Changes in the fair value of forest land are recognised 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 recognised 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.

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

NOTE 1 – cont.

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 reasonable 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 prepaid 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 2020 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/PRI system
- Holmen – Obligations in excess of the ITP plan for group management in Sweden, secured through foundations
 - Pension plans in the UK in trusts
 - (these have been closed for new vesting since 2015)

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

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

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

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

Share-based payment in Holmen

Outstanding share-based programs are recognized in accordance with IFRS 2 Share-based payment and are settled with equity instruments. Recognition of share-based payment programs settled with equity instruments entails that the fair value of the instruments at the date of allotment is to be expensed in profit or loss over the vesting period, with a corresponding adjustment of shareholders' equity. At every year-end during the vesting period, the expected number of allotted shares is estimated and the impact of a potential change in earlier assessments is recognized in profit or loss with a corresponding adjustment of shareholders' equity. A provision is also posted for estimated social security costs related to the share-based program. Calculations are based on the value of the shares at the date of allotment, which is defined as the time when agreements have been concluded between the parties. 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	
		2020	2019
Hufvudstaden AB	Sweden	53.8 (11.6)	54.7 (11.9)
Holmen AB	Sweden	66.0 (37.8)	67.4 (38.5)

¹) Attributable to non-controlling interests.

Subsidiaries, SEK m.	Hufvudstaden		Holmen	
	2020	2019	2020	2019
Revenues	1,840	1,981	16,327	16,959
Profit	-1,462	3,146	1,979	8,731
Other comprehensive income			989	10,487
Total comprehensive income	-1,462	3,146	2,968	19,218
Fixed assets	46,510	48,542	55,276	52,579
Current assets	887	1,800	7,267	6,761
Long-term liabilities	-15,522	-16,478	-15,203	-13,171
Current liabilities	-3,259	-2,481	-4,824	-6,058
Net assets	28,617	31,383	42,516	40,111
Cash flow from				
- operating activities	1,072	1,367	2,457	2,884
- investing activities	-949	-928	-1,783	-1,015
- financing activities	-1,046	197	-808	-1,665
Cash flow during the year	-922	635	-133	204

Attributable to non-controlling interests	Hufvudstaden		Holmen	
	2020	2019	2020	2019
Share of profit	-787	1,722	1,313	5,885
Share of comprehensive income	-787	1,722	1,958	12,955
Share of net assets	15,408	17,176	28,063	27,039
Dividend	-425	-418	-373	-720

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	
		2020	2019
Husqvarna AB	Sweden	7.6 (25.2)	7.6 (25.2)
AB Industrivärden	Sweden	17.7 (24.0)	17.1 (23.8)
Indutrade AB	Sweden	26.6 (26.6)	26.7 (26.7)

¹) The percentage of voting rights is calculated less treasury shares.

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

2019, SEK m.	Husqvarna	Industrivärden	Indutrade
Associated companies			
Revenues	42,277	4,093	18,411
Profit	2,528	29,837	1,483
Other comprehensive income	10	51	44
Total comprehensive income	2,538	29,888	1,527
Fixed assets	23,739	116,764	9,887
Current assets	18,242	247	7,657
Long-term liabilities	-13,370	-2,460	-5,427
Current liabilities	-11,328	-2,023	-4,947
Net assets	17,283	112,528	7,170
The Group's share of associated companies, SEK m.			
Share of net assets on January 1	1,202	14,007	1,657
Share of total comprehensive income	194	4,995	399
Dividends received	-98	-412	-145
Acquired shareholders' equity ¹	7	648	
Share of net assets on December 31	1,306	19,239	1,912
Surplus value	1,127		1,876
Closing carrying amount	2,433	19,239	3,787

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

On October 1, 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and engineered wood products. The preliminary purchase price, which was paid on October 1, was SEK 960 m. for 100% of the shares. The final purchase price will be determined in 2021. Based on the information available at the time of writing of this report, goodwill is recognised at SEK 355 m. and other intangible assets at SEK 140 m. in conjunction with the acquisition. 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.

From the time of acquisition on October 1, 2020 until December 31, 2020, Martinsons contributed SEK 344 m. to the Group's sales and SEK 21 m. to the Group's profit after tax.

Martinsons consists of two sawmills in northern Sweden with processing of wood products for Scandinavian wood construction, as well as a project operation for construction of complete frames made of cross-laminated timber (CLT) and glulam beams for purposes such as offices, sports centres and apartment buildings.

After current investments are completed, the larger sawmill, Bygdsiljum, will have the capacity to produce 500,000 m³ of wood products annually, while the annual production at Kroksjön is over 100,000 m³. Bygdsiljum also manufactures CLT and glulam beams, while Kroksjön processes wood products through trimming, planing, painting, treatment and finger jointing.

Martinsons' annual wood consumption is 1 million m³, which corresponds to Holmen's annual harvest in northern Sweden.

The company has 470 employees, most of whom work in processing. The acquisition will nearly double Holmen's sales in Wood Products, while strengthening its position in sustainable wood construction and increasing integration between forest and industry.

Costs for the acquisition are recognised as other operating costs and amount to SEK 14 m.

NOTE 4 – NET SALES

SEK m.	2020	2019
Real estate operations		
Rental revenue ¹	1,419	1,339
Service revenue	65	61
Sales of properties classed as current assets	60	41
Other revenues	26	36
Equity management		
Sales of marketable securities, etc.	73	720
Dividends	77	517
Hufvudstaden		
Rental revenue ¹	1,685	1,810
Service revenue	83	87
Other revenues ²	72	85
Holmen		
Consumer paperboard	6,001	5,969
Pulp	187	260
Book and magazine paper	4,381	5,058
Newsprint	498	699
Wood products, pine	1,035	904
Wood products, spruce	1,080	789
Wood construction solutions	107	
Wood	2,664	2,913
Electricity	330	350
Other	45	17
	19,887	21,655

¹ Sales-based rent supplements account for SEK 8 m. (13) of total rental revenues.

² Consists mainly of parking operations, which amount to SEK 71 m. (85)

NOTE 5 – OTHER REVENUES, etc.

SEK m.	2020	2019
Non-core activities		
Certificates, renewable energy ¹	457	510
Sales of by-products	411	371
Rental and leasehold income	94	54
Emission rights ²	85	86
Forestry assignments	80	70
Sales of fixed assets	59	15
Other	153	265
	1,339	1,370
Change in inventories of shares	-188	-28
Change in inventories	-88	-220
	1,063	1,122

Of sales of by-products, production surpluses accounted for SEK 118 m. (111), sawdust, bark, wood chips, etc. for SEK 186 m. (132) and external sales of energy for SEK 108 m. (127).

¹ Revenue received from production of renewable energy, of which the UK accounts for SEK 44.5 m. (47.9).

² Allotment of emission rights, which are partly used in Holmen's production operations. The surplus resulted in SEK 85 m. (86) being recognized as profit.

NOTE 6 – EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2020	Of whom men, %	2019	Of whom men, %
Parent Company – Sweden	8	73	9	64
Total in Parent Company	8	73	9	64
Wholly owned subsidiaries				
– Sweden	165	65	159	66
Hufvudstaden – Sweden	140	54	135	56
Holmen				
– Sweden	2,439	80	2,349	81
– Estonia	5	80	6	67
– France	12	50	12	58
– Hong Kong	4	25	4	50
– Italy	7	71	7	71
– Japan	1	100	1	100
– Netherlands	76	46	73	47
– Poland	8	50	8	50
– Russia	2		2	
– Switzerland	2	100	2	100
– Singapore	6	52	6	52
– United Kingdom	377	89	409	89
– Germany	22	64	23	64
– USA	12	67	13	62
Total in subsidiaries	3,279	78	3,209	79
Total in Group	3,287	78	3,217	79

Distribution of company management by gender

Percentage of women	2020	2019
Parent Company		
Board of Directors	33	38
Senior executives	-	-
Group total		
Board of Directors	30	31
Senior executives	27	25

NOTE 6 – cont.

Guidelines resolved by the Annual General Meeting (AGM) 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 in L E Lundbergföretagen AB and its wholly owned subsidiaries according to the Report of the Board of Directors on page 52.

The remuneration paid to Board Members and senior executives in the Parent Company is presented in the table below.

Remuneration and other benefits, Parent Company¹

2020, SEK m.	Basic salary, Director fees	Variable remuneration	Pension cost	Total
Chair of the Board Mats Guldbbrand	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}	1.9	0.3	0.7	2.8
Remuner. from the Parent Comp.	4.5	6.8	0.5	11.8
Remuneration from subsidiaries	15.1	7.3	1.7	24.2
2019, SEK m.				
Chair of the Board Mats Guldbbrand	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	2.3	0.2	0.6	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
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.	1.8	0.3	0.6	2.7
Remuneration from subsidiaries	3.9	4.7	0.5	9.1
	14.1	5.2	1.7	21.0

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

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	1,625	54	633	136
Total in other subsidiaries	1,726	76	686	154
Total in Group³	1,845	106	740	168
2019, 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	100	21	50	14
	111	27	55	16
Hufvudstaden	98	21	54	19
Holmen	1,625	54	633	136
Total in other subsidiaries	1,723	75	687	155
Total in Group³	1,834	102	742	171

¹ In the Parent Company, the Board of Directors (excl. the President) comprises eight people (seven) and senior executives comprise three people (three) (including one who receives salary from wholly owned subsidiaries).

The wholly owned subsidiaries comprise 11 people (11), Hufvudstaden comprises 16 people (16) and Holmen comprises 23 people (23).

² The President and senior executives accounted for SEK 0.7 m. (0.6) of the Parent Company's pension costs.

³ The President and senior executives accounted for SEK 28.2 m. (27.9) of the Group's pension costs. On December 31, 2020, the Group's outstanding pension obligations for these pension costs totaled SEK 97.8 m. (85.4). The obligations are mainly covered by plan assets in independent pension foundations and through reinsurance in FPC.

Share-savings plan

Holmen's 2019 AGM resolved to introduce a 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, half of a matching share will be allotted after the close of the vesting period, assuming that Holmen's total return is positive during the term of the program. In addition, performance shares will be allotted depending on the level of Holmen's return on capital employed. The maximum number of performance shares varies depending on the participant's position and amounts to three to six shares per savings share. To qualify for allotment of matching and performance shares, the participant must have been permanently employed by Holmen and retained the savings shares throughout the vesting period.

The vesting period extends from May 31, 2019 through the date of publication of Holmen's interim report for the first quarter of 2022. The maximum number of shares that can be allotted is calculated at 151,000. The total cost of the plan is estimated at SEK 11 m. For 2020, expenses corresponding to SEK 5 m. were recognized.

NOTE 7 – FEES AND OTHER REMUNERATION TO AUDITORS

SEK m.	2020	2019
Remuneration of KPMG		
Auditing assignments	10	10
Tax advice	0	1
Other assignments	0	0
	11	11
Other auditors	0	0
	11	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.	2020	2019
Intangible fixed assets	19	12
Tangible fixed assets		
Buildings and land	110	100
Machinery and equipment	959	943
Right-of-use assets	104	107
	1,191	1,161

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

SEK m.	2020	2019
Husqvarna AB	188	191
AB Industrivärden	1,618	4,986
Indutrade AB	445	388
Other	-6	0
	2,246	5,566

NOTE 10 – CHANGES IN VALUE OF INVESTMENT PROPERTIES AND DERIVATIVES

SEK m.	2020	2019
Investment properties		
Realized	11	
Unrealized	-2,209	4,075
Derivatives		
Unrealized	-3	4
	-2,201	4,079

NOTE 11 – CHANGES IN VALUE OF BIOLOGICAL ASSETS

SEK m.	2020	2019
Change due to harvesting	-691	-665
Unrealized change in fair value	1,271	10,231
	579	9,566

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 2020, SEK m.	Lundbergs					Total
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen		
Net sales	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					Total
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen		
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

NOTE 12 – cont.

Net profit for the year 2019, SEK m.	Lundbergs				
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen	Total
Net sales	1,477	1,238	1,981	16,959	21,655
Operating expenses ¹	-518	-547	-455	-11,845	-13,366
Personnel costs	-130	-35	-159	-2,316	-2,640
Depreciation	-8	-0	-11	-1,141	-1,160
Impairment losses				-109	-109
Profit from shares in associated companies and joint ventures	0	5,566		0	5,566
Changes in value ²	1,348		2,731	9,566	13,645
	2,168	6,221	4,086	11,115	23,591
Unallocated costs					-31
Operating profit	2,168	6,221	4,086	11,115	23,560
Net financial items					-225
Tax					-3,800
Net profit for the year					19,535

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 2019, SEK m.	Lundbergs				
	Real estate operations	Equity manage- ment	Hufvud- staden	Holmen	Total
Assets	24,144	16,011	50,342	57,720	148,216
Participations in associated companies and joint ventures	7	25,459		1,620	27,086
					175,302
Liabilities	8,982	2,722	18,959	19,229	49,892
Investments					
Fixed assets	1,172		928	1,072	3,172
Associated companies		662		25	687

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.	2020	2019
Sweden	7,757	8,780
Germany	2,115	2,244
United Kingdom	1,830	1,958
France	816	910
Italy	805	938
Poland	718	719
Rest of Europe	3,022	3,050
Asia	1,940	1,765
Rest of world	884	1,291
	19,887	21,655

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

Fixed assets by country, SEK m.	2020	2019
Sweden	122,682	120,546
United Kingdom	1,321	1,587
Other	4	5
	124,007	122,138

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

NOTE 13 – NET FINANCIAL ITEMS

SEK m.	2020	2019
Financial income		
Gain on sale of Group companies	-0	0
Interest income ¹	12	14
	12	14
Financial expense		
Net gain/loss		
Assets and liabilities measured at fair value through profit or loss	15	-28
Cash and cash equivalents	6	-3
Assets and liabilities measured at amortized cost	-22	29
Interest expenses attributable to right-of-use liabilities	-27	-27
Interest expense ²	-247	-210
	-276	-239
Net financial items	-264	-225

¹) SEK 11 m. (12) pertains to interest income calculated according to the effective interest method from financial items measured at amortized cost.

²) SEK 7 m. (18) pertains to interest expenses on derivative instruments measured at fair value through other comprehensive income and SEK 8 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 and Hufvudstaden 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.	2020	2019
Exchange rate gain/loss on accounts receivable and accounts payable	48	336
Net gain/loss pertaining to derivatives recognized in working capital	-98	-250

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.	2020	2019
Current tax		
Tax cost during the year	-745	-929
Tax attributable to preceding years	62	-6
Deferred tax ¹		
Temporary differences	321	-2,865
	-363	-3,800

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

An amended policy for recognizing forest assets negatively impacted recognized tax in 2019 by SEK 1,870 m.

Reconciliation of effective tax	2020		2019	
	SEK m.	%	SEK m.	%
Profit before taxes	4,471		23,335	
Tax according to applicable tax rates	-957	21	-4,994	21
Difference in tax rates for foreign operations	9	-0	2	-0
Non-taxable revenues and non-deductible expenses ¹	501	-11	1,119	-5
Standard interest on tax-deferral reserve	-3	0	-2	0
Tax attributable to preceding years	62	-1	-6	0
Effect of booked-up loss carryforwards and temporary differences	0	-0	0	-0
Change in tax rate for deferred tax assets/liabilities	-4	0	103	-0
Other	30	-1	-22	0
	-363	8	-3,800	16

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

RECOGNIZED IN OTHER COMPREHENSIVE INCOME

2020, SEK m.	Before tax	Tax	After tax
Hedge accounting	273	-55	218
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	513

2019, SEK m.	Before tax	Tax	After tax
Hedge accounting	-37	8	-29
Translation difference on foreign operations	141		141
Hedging of currency risk in foreign operations	-2	0	-1
Revaluation of forest land	13,055	-2,689	10,366
Financial assets measured at fair value	3,311	-381	2,930
Actuarial revaluations	-9	13	5
Associated companies and joint ventures – net			19
	16,459	-3,048	13,430

RECOGNIZED IN BALANCE SHEET

SEK m.	2020	2019
Receivables		
Deferred tax assets	1	1
Current tax assets	6	
	8	1
Liabilities		
Provisions for taxes		
Deferred tax liability	23,913	23,975
Other provisions		136
Current tax liability	241	158
	24,154	24,269

Deferred tax assets and liabilities

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

2019, SEK m.	Asset	Liability	Net
Tangible fixed assets		-1,434	-1,434
Biological assets		-5,746	-5,746
Forest land		-2,697	-2,697
Investment properties		-12,550	-12,550
Financial investments		-835	-835
Untaxed reserves		-670	-670
Hedge-accounted transactions		-37	-37
Other provisions ¹	1	-6	-5
	1	-23,975	-23,974

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

In 2020 Holmen's Spanish companies were liquidated. Holmen is considering applying group relief in the parent company related to the companies' tax losses. No deferred tax asset has been recognised for these losses.

NOTE 14 – cont.

Change in deferred tax on temporary differences and loss carryforwards

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

2019, 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	-1,746	324		-12	-1,434
Biological assets	-3,733	-1,973			-5,746
Forest land	-8		-2,689		-2,697
Investment properties	-11,448	-1,103			-12,550
Financial investments	-445	-10	-380		-835
Untaxed reserves	-554	-117			-670
Other	-76	12	21	0	-42
	-18,049	-2,865	-3,048	-11	-23,974

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.	2020	2019
Accumulated acquisition value		
Opening balance	387	335
Business combination	495	-
Investments	70	70
Divestments and scrappage	-2	-18
Translation differences, etc.	0	1
	951	387
Accumulated amortization and impairment losses		
Opening balance	-161	-167
Amortization during the year	-23	-12
Divestments and scrappage	2	18
Translation differences, etc.	-0	-1
	-182	-161
Closing balance	769	227

The above includes goodwill totaling SEK 438 m. (83), of which SEK 355 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 impairment test performed in 2020 is based on analyses of margin and volume growth made in connection with the acquisition. 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 de- or impairment has been made of the value.

Other intangible assets consist primarily of IT systems SEK 141 m. (90), the value of the wood supply business included in the acquisition of Martinsons SEK 134 m. and right-of-use relating to certain energy assets SEK 49 m. (46).

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

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

2019, SEK m.	Buildings, land and land improvements	Machinery and equipment	Work in progress and advanced payments	Total
Acquisition value				
Opening balance	5,695	28,662	88	34,445
Investments	195	665	209	1,069
Reclassification	10	36	-46	-0
Divestments and scrappage	-9	-541	-2	-552
Translation differences	43	318	3	364
	5,934	29,141	251	35,326
Depreciation and impairment losses				
Opening balance	-3,418	-22,213		-25,631
Depreciation during the year	-100	-943		-1,043
Reclassification	-13	13		0
Divestments and scrappage	9	534		543
Translation differences	-27	-227		-254
	-3,549	-22,835		-26,384
Closing balance	2,385	6,305		8,942

Investment commitments pertaining to approved and ongoing projects amounted to SEK 1,304 m. (1,841) at year-end. The year-on-year increase was primarily due to construction of the Blåbergsliden wind farm in Holmen. During the year, capitalized loan charges amounted to SEK 2 m. (3). To determine the amount, an interest rate of 1.2% (1.1) has been used.

NOTE 17 – FOREST ASSETS

Holmen's land holdings total 1,303,000 hectares, of which 1,043,000 hectares comprise productive forest land. Holmen recognizes its forest assets at fair value, calculated based on the transaction prices for forest properties in those areas where the Group owns forest land.

The valuation is based on detailed data about transactions and pricing statistics published by different market operators over the past three years. 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 volume of standing timber is estimated at 124 million cubic metres growing stock, solid over bark, based on the inventory conducted in 2019 and taking into account subsequent growth and harvest. No value is assigned to land that is not productive forest land.

The carrying amount of forest assets amounted to SEK 43,202 m. (41,345) at December 31, 2020. This amount corresponds to an average of SEK 41,420 per hectare of productive forest land. 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.

	North	Central	South	Total
Productive forest land, thousand ha	688	264	91	1,043
Standing timber, million m ³	74	35	15	124

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 is 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. Those trees currently growing are expected to be harvested on average after 85 years. The volumes are based on the long-term harvest plan that was updated in 2020. Income is calculated based on a long-term trend price for 2020 of SEK 457/m³sub (445), which is in line with currently prevailing market prices.

Costs are based on the current level. 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 harvesting have not been taken into account. The carrying amount 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 revenues from sources other than the harvest of currently standing trees, such as leasing of land for wind power, quarrying, leases of hunting grounds, license revenues and harvesting future generations of trees.

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 2020 totalled SEK 579 m. (9,566). For 2019 this amounted to SEK 9,079 million, recognised as an item affecting comparability as a result of amended assumptions, primarily an amended discount rate. The change in fair value for forest land is recognised in other comprehensive income and totalled SEK 1,173 m. (13,055). In 2019 a new accounting policy was adopted for forest land that affected the size of the change.

SEK m.	Biological assets		Forest land		Total	
	2020	2019	2020	2019	2020	2019
Opening carrying amount	27,979	18,400	13,366	301	41,345	18,701
Acquisitions	0	9	9	7	9	16
Divestments	-16	-3	-6		-22	-3
Investment in reforestation	128				128	
Change due to harvesting	-691	-665			-691	-665
Unrealized change in fair value	1,271	10,231	1,173	13,055	2,444	23,286
Other changes	-8	7	-4	3	-12	10
Closing carrying amount	28,663	27,979	14,538	13,366	43,202	41,345

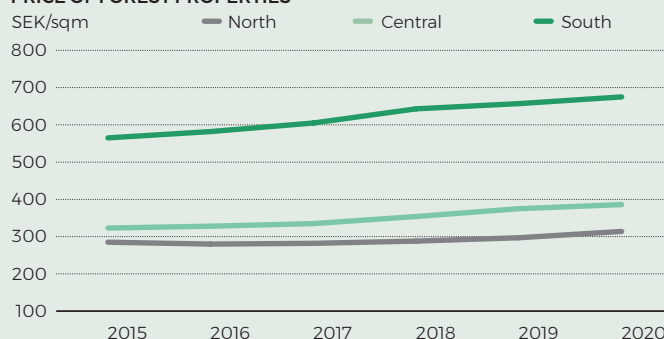
The acquisition value of forest land at December 31, 2020 was SEK 310 m. (311).

m³sub = Cubic meter solid volume under bark. The actual volume (no gaps between the logs) of whole stems or stem wood 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.

The future value of forest assets is governed by changes in market prices for forest properties and growth in volume of standing timber. The following graphs show historical market prices for forest properties and the development of Holmen's volume of standing timber according to completed inventories.

PRICE OF FOREST PROPERTIES

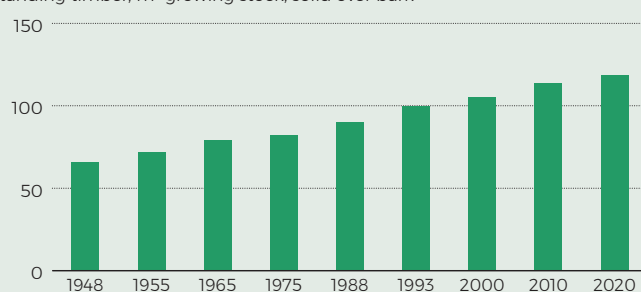


Source: LRF Konsult's pricing statistics for various regions of Sweden.

The breakdown into regions does not fully match Holmen's own breakdown.

STANDING TIMBER

Standing timber, m³ growing stock, solid over bark



	Change in assumptions	Change in value, before tax	
		2020	2019
Market price based on market statistics	Price change SEK 5/m ³	620	615
Forest holding's timber volume	1 million m ³	350	335

In 2019 and 2020, an external independent valuation was carried out for forest properties corresponding to 44% of book value. The external valuation exceeds the book value by an average of 4%.

The inventory conducted in 2019 is a random sample inventory of forest holdings with an estimated standard error of 1.3%.

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.

2020, SEK m.	Residential	Commercial	Total
Opening fair value	10,717	60,908	71,625
Reclassification ¹	176	-361	-185
Investments	388	1,231	2,035
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

NOTE 18 – cont.

2019, SEK m.	Residential	Commercial	Total
Opening fair value	9,400	56,115	65,515
Investments	669	1,366	2,035
Unrealized change in value	649	3,426	4,075
Closing fair value	10,717	60,908	71,625

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 is scheduled for completion in March 2021 and the properties are recognized 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 6 m. (18).

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 3,250 m. (3,293). Costs distributed by type are presented in the table below.

Type of cost, SEK m.	2020	2019
Operation and administration	407	396
Maintenance	204	195
Personnel costs	280	283
Property taxes	278	281
Depreciation	21	18
	1,189	1,173

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 analysis of leases (the Group as a lessor), see below.

Annual rents, SEK m.	2021	2022	2023	2024	2025	2026-	Total
Residential	643						643
Offices	291	287	322	305	152	239	1,596
Retail	204	156	210	178	75	118	941
Other	114	45	38	33	14	45	289
Total	1,252	488	570	516	242	402	3,469
Proportion, %	36	14	16	15	7	12	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 discount factor varies from 4.5 to 8.2% for residential properties and from 5.7 to 9.7% for commercial properties. The calculation of cash flow is based on assumed inflation of 1.5% the first year and of 2% thereafter, 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.

	Residential		Commercial	
	Interval	Weighted average	Interval	Weighted average
Net operating income, SEK/sqm	500 – 1,600	800	400 – 7,100	1,600
Vacancy, %	1.0 – 5.1	1.6	0.0 – 9.7	3.6
Required yield residual value, %	2.49 – 6.10	4.03	3.67 – 7.76	4.77

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 25.3 billion (23.9). To ascertain the valuation, independent valuations were obtained externally for 38 properties, corresponding to 46% of the portfolio in terms of value. The external valuations for these properties provided a market value of SEK 11.9 billion, while the figure for the internal valuations was SEK 11.7 billion. 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, 2015, Hufvudstaden's average yield requirement has varied from 3.6 to 4.1% and amounted to 3.7% at December 31, 2020. 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 2011–2020 varied between 3 and 8% and was 8.2% on December 31, 2020.

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 400–500 interval and the estimated cost in the valuation on December 31, 2020 was at a corresponding level. The input data used for valuation is stated below.

Office and retail	Interval	Weighted average
Net operating income, SEK/sqm	1,430 – 7,180	4,540
Vacancy, %	2 – 5	4
Required yield, Stockholm, %	3.3 – 3.7	3.4
Required yield, Gothenburg, %	4.2 – 4.8	4.5
Required yield, total, %	3.7	

Hufvudstaden's real estate portfolio was valued at SEK 45.6 billion (47.7). To safeguard the valuation, independent valuations of 12 properties were obtained, corresponding to 56% of the internally estimated fair value. The external valuation firms arrived at a market value of SEK 26.6 billion. Hufvudstaden's internal valuation of the same properties amounted to SEK 25.8 billion. The internal valuations favorably match the external valuations.

Sensitivity analysis

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

Lundbergs' real estate portfolio is valued at SEK 25.3 billion based on an assumed uncertainty interval of ± 5%, which corresponds to a ± change in the property value of SEK 1.3 billion. The most significant factors that influence valuation and their effect on the fair value are stated below.

NOTE 18 – cont.

	Changes	Impact on value, SEK m.	
		Residential	Commercial
Net operating income	SEK 50/sqm	702	428
Required yield, residual value	-0.25 percentage point	756	768
	+0.25 percentage point	-668	-691
Rental vacancy	-1.0 percentage point	169	180

Hufvudstaden's real estate portfolio is valued at SEK 45.6 billion based on an uncertainty interval of ± 5%, which corresponds to a change in the property value of ± SEK 2.3 billion. The most significant factors that influence the valuation and their effect on the fair value are stated below.

	Change ±	Impact on value ±, SEK m.	
Rental revenue	SEK 100/sqm		1,060
Property costs	SEK 50/sqm		530
Rental vacancy rate	1.0 percentage points		590
Yield requirement	0.25 percentage points		3,100

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

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

2019, SEK m.	Site leaseholds	Commercial premises	Machinery and equipment	Total
Acquisition value				
On January 1	-	-	-	-
Amended accounting policy	677	250	77	1,004
Additional right-of-use agreements		30	69	99
Concluded agreements		-0	-0	-0
	677	280	146	1,103
Depreciation				
On January 1	-	-	-	-
Amortization during the year		-80	-65	-145
Concluded agreements		0	0	0
	-	-80	-65	-145
Closing balance	677	200	81	958

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 one to five 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 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

Carrying amounts 2019, SEK m.	Income statement	Balance sheet	Total
Depreciation amount for rights of use	-107	-39	-146
Interest expense for lease liabilities	-27	-1	-28
Revenues from forward leasing of right-of-use assets	8	38	46
Costs related to current lease liabilities	-0		-0
Costs related to low-value leases	-2		-2
Costs related to variable lease payments	-3	-5	-8
Capitalized on management costs		5	5
	-130	-1	-131

In 2020, the Group's disbursements attributable to leases amounted to SEK 177 m. (176). 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.	2020	2019
Recognized on January 1	27,086	21,487
Business combination	13	
Investments	593	687
Divestments		-29
Participation in profit ¹	2,246	5,564
Dividends received	-98	-655
Participation in other comprehensive income	-162	23
Other	0	9
	29,678	27,086

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

Joint ventures, SEK m.	2020	2019
Recognized on January 1	0	113
Investments	64	0
Translation difference		-0
Participation in profit	11	-5
Impairment losses		-109
Other		-0
	75	0

NOTE 20 – cont.

	Number of shares Dec 31, 2020	Holding as a % ³		Carrying amount SEK m.	
		2020	2019	2020	2019
Associated companies¹					
<i>Parent Company's</i>					
Husqvarna AB ²	43,542,012	7.6 (25.2)	7.6 (25.2)	2,416	2,433
AB Industrivärden ²	77,100,000	17.7 (24.0)	17.1 (23.8)	21,441	19,239
Indutrade AB ²	96,840,000	26.7	26.7	4,172	3,787
<i>Subsidiaries'</i>					
Brännälvens Kraft AB	5,556	13.9	13.9	36	36
Disponere I AB	50	50.0	50.0	7	7
Gidekraft AB	990	9.9	9.9	0	0
Harrsele AB	9,886	49.4	49.4	1,493	1,484
Reibo AB	2,014	40.3		10	
Uni4 Marketing AB	1,800	36.0	36.0	16	15
Vattenfall Tuggen AB	683	6.8	6.8	85	85
Various shares				1	0
				29,678	27,086
Joint ventures					
<i>Subsidiaries'</i>					
Varsvik AB	250	50.0	50.0	75	0
				29,753	27,086

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 4,657 m. (3,250), Industrivärden's is SEK 21,054 m. (17,261) and Indutrade's is SEK 17,063 m. (10,820).

³ The proportion of share capital and voting rights is calculated after a deduction for treasury shares. The share of the voting rights is stated in parentheses in cases where it does not correspond to capital share.

The shareholdings in Brännälvens Kraft AB, Gidekraft AB, Harrsele AB and Vattenfall Tuggen AB refer to hydropower assets while the shareholding in Varsvik AB pertains to wind power assets. The shareholdings entitle Holmen to purchase produced electricity at cost price, which means that only limited profits arise in the associated companies. Purchased electricity is sold externally at market price and the profit/loss is recognized in Holmen.

Financial information about Parent Company's associated companies

Owned share, SEK m.	2020	2019
Revenues	2,171	8,808
Profit	2,185	5,556
Assets	30,944	27,780
Liabilities	5,927	5,404
Shareholders' equity	25,017	22,377

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 a negative SEK 1 m. (neg. 4).

During the year, Holmen purchased 568 GWh (476) of electricity from Harrsele AB, resulting in operating profit of SEK 112 m. (133) 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 140 m. (122).

Financial information about joint ventures

The combined value of the subsidiaries' share in the comprehensive income of joint ventures is SEK 7 m. (neg. 3).

NOTE 21 – FINANCIAL INVESTMENTS

	Shareholding, Dec 31, 2020 as a % of		SEK m.	
	share capital	voting rights	2020	2019
Financial assets ^{1,2}				
Handelsbanken A	2.8	2.8	4,543	5,045
Sandvik	2.4	2.4	6,039	5,480
Skanska A ³	5.2	12.9	1,391	1,405
Skanska B			3,261	2,974
			15,234	14,904

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 69 m. (501) were received.

NOTE 22 – OTHER SHARES AND PARTICIPATIONS

SEK m.	2020	2019
On January 1	2	2
Investments	0	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 liability (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 substanti-

NOTE 23 – cont.

ated by prices of observable data and is thus attributable to Level 3. During the year, the value change was an decrease of SEK 13 m. (469), which was entirely attributable to unrealized changes in value and has been recognized in other comprehensive income under Financial assets measured at fair value.

Offsetting of assets and liabilities is not applied in the accounting. Recognized derivatives amounted to SEK 577 m. (326) on the asset side and SEK 127 m. (194) 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Long-term financial receivables										
Derivatives			12	14			12	14	12	14
Other financial receivables					302	461	302	461	302	461
			12	14	302	461	313	474	313	474
Current financial receivables										
Accrued interest					2	1	2	1	2	1
Derivatives	16	14					16	14	16	14
Other financial receivables					27	0	27	0	27	0
	16	14			28	2	44	15	44	15
Cash and cash equivalents										
Short-term investments					32	138	32	138	32	138
Bank balances					1,577	2,489	1,577	2,489	1,577	2,489
					1,608	2,628	1,608	2,628	1,608	2,628
Long-term financial liabilities										
Bank loans					2,000	500	2,000	500	2,006	500
Bond loans					15,100	12,700	15,100	12,700	15,245	12,746
Derivatives	3		14	12			17	12	17	12
Other long-term liabilities					5	6	5	6	5	6
	3		14	12	17,105	13,206	17,123	13,218	17,273	13,265
Current financial liabilities										
Commercial papers					1,950	4,400	1,950	4,400	1,950	4,400
Bank loans						1,400		1,400		1,407
Bond loans					1,000		1,000		1,000	
Liabilities to bank accounts					0	0	0	0	0	0
Derivatives	5	13		8			5	21	5	21
Accrued interest					72	72	72	72	72	72
Other current liabilities					137	43	137	43	137	43
	5	13		8	3,160	5,915	3,164	5,936	3,164	5,943

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

²) Recognized through other comprehensive income

Financial instruments not included in net financial debt

SEK m.	2020	2019
Assets		
Financial investments ¹	15,234	14,904
Shares in listed companies ²	759	571
Shares in unlisted companies ²	2	2
Accounts receivable	2,069	2,045
Recognized among operating receivables		
Derivatives ²	36	8
Hedge accounted derivatives	513	291
Liabilities		
Accounts payable	2,750	2,513
Recognized among operating liabilities		
Derivatives ²	37	47
Hedge accounted derivatives	68	115

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.	2020	2019
Long-term financial receivables	-313	-474
Current financial receivables	-44	-15
Cash and cash equivalents	-1,608	-2,628
Long-term financial liabilities	17,123	13,218
Long-term liabilities, right-of-use assets	856	907
Provision for pensions	224	210
Current financial liabilities	3,164	5,936
Current liabilities, right-of-use assets	121	54
	19,522	17,208

NOTE 23 – cont.**Financial instruments measured at fair value**

SEK m.	2020	2019
Assets measured at fair value		
Financial investments	15,234	14,904
Shares in listed companies	759	571
	15,993	15,475

Of the amount recognized above, SEK 14,602 m. (14,070) is recognized according to Level 1, while SEK 1,391 m. (1,405) is attributable to Level 3. The value of assets measured according to Level 3 changed by a negative SEK 13 m. (pos: 469), 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 577 m. (326) on the asset side and SEK 127 m. (194) 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 developable 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.	2020	2019
On January 1	122	116
Acquisitions during the year	19	17
Divestments and scrappage	-27	-11
	115	122

Includes SEK 1 m. (1) for accumulated impairment losses. The estimated fair value in accordance with internal valuations was SEK 416 m. (422).

NOTE 25 – INVENTORIES

SEK m.	2020	2019
Shares in listed companies	759	571
Harvesting rights	558	600
Electricity certificates and emission rights	23	47
Finished products and products in progress	1,728	1,617
Raw materials and consumables	916	890
Timber and pulpwood	369	306
	4,353	4,031

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 12 m. (neg: 36) and impairment losses on other inventories had a negative impact of SEK 6 m. (neg: 13).

NOTE 26 – OPERATING RECEIVABLES

SEK m.	2020	2019
Rent receivable and accounts receivable ¹	2,069	2,045
Other operating receivables		
Prepaid expenses	309	268
Accrued rental revenues	16	25
Derivatives	550	299
Other receivables	474	307
	1,349	899
	3,419	2,943

¹ The amount for accounts receivable includes SEK 33 m. (44) 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 45 m. (32) and accounts receivable past due by more than 30 days to SEK 58 m. (13).

Property-related customer bad debts during the year amounted to SEK 43 m. (11). 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.	2020	2019
Interest received	12	16
Interest paid	-237	-243
	-225	-227
Non-cash items, SEK m.	2020	2019
Depreciation	1,191	1,161
Impairment losses		109
Results from participations in associated companies and joint ventures	-2,148	-4,909
Changes in value, investment properties	2,209	-4,075
Change in value, derivatives	3	-4
Changes in value of biological assets	-580	-9,566
Other ¹	-36	77
	640	-17,208

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.

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 8,078 m. (15,800) was borrowed on a short-term basis, divided among several loans and SEK 10,528 m. (14,301) was repaid.

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 obligation	224	-15	28		210
	21,448	707	-114	370	20,325

NOTE 28 – SHAREHOLDERS' EQUITY

Share capital	Number	Quotient value	SEK m.
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
Dec 31, 2019			
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.	2020	2019
Hedging reserve		
Reserve, January 1	-16	2
Cash flow hedging for the year	101	-22
Tax attributable to hedging during the year	-19	4
	66	-16
Translation reserve		
Reserve, January 1	341	237
Translation differences during the year	-219	93
Tax attributable to translation reserve during the year	-20	11
	102	341
Fair value reserve		
Reserve, January 1	6,485	3,555
Change in value recognized directly in other comprehensive income	-376	3,311
Tax attributable to changes in value	73	-381
	6,182	6,485
Revaluation reserve		
Reserve, January 1	3,378	-
Translation differences during the year	398	4,255
Tax attributable to revaluation reserve during the year	-82	-876
	3,695	3,378
Total reserves, SEK m.		
Reserve, January 1	10,188	3,794
Change during the year in:		
Hedging reserve	82	-18
Translation reserve	-239	104
Fair value reserve	-303	2,930
Revaluation reserve	316	3,378
	10,044	10,188

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 LE 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.	2020	2019
Opening balance	44,214	31,681
Net profit for the year	517	7,607
Other comprehensive income		
Reserves	660	7,058
Actuarial revaluation of pension liability	-8	11
Dividend	-814	-1,179
Share buybacks ¹	-269	-964
Share-savings plan in Holmen	-568	3
Changes in Group composition	-261	-3
Closing balance	43,471	44,214

¹ For 2020, relates to buyback of shares in Hufvudstaden and for 2019 to buyback of shares in Holmen.

NOTE 31 – PROVISION FOR PENSIONS

For a description of pension commitments within the Group, see Accounting policies, Note 1. The provision for pensions totals SEK 224 m., of which Lundbergs accounted for SEK 150 m., Holmen for SEK 48 m. and Hufvudstaden for SEK 26 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 in the table below.

SEK m.	2020	2019
Obligation, January 1	139	113
Benefits vested during the period	5	4
Interest	2	3
Actuarial gain/loss	5	18
Pension payments	-3	-3
Special employer's contribution	2	4
Obligation, December 31	150	139
<i>Of which, credit insured via FPG</i>	<i>67</i>	<i>65</i>

During the year, pension costs of SEK 5 m. (4) 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. (3). The year's actuarial revaluation was SEK 5 m. (18) and was recognized in other comprehensive income. The actuarial loss of SEK 5 m. comprises profit of SEK 0 m. resulting from experience-based adjustments, a loss of SEK 5 m. due to effects of changed financial assumptions. On an accumulated basis, actuarial revaluations amounted to SEK 60 m. (54). The duration of the obligation is 20 years (20).

Significant actuarial assumptions, %	2020	2019
Discount interest rate	1.1	1.5
Future pay increases	2.5	2.7
Future inflation	1.5	1.7

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

	2020	2019
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.	2020	2019
Discount rate (+0.5%)	-13	-11
Future pay increases (+0.5%)	4	4
Future inflation (+0.5%)	11	10
Mortality (+1 year in expected lifespan)	6	5

Payments to defined-benefit plans in 2021 are estimated at SEK 3 m.

Hufvudstaden

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

NOTE 31 – cont.

SEK m.	2020	2019
Obligation		
Obligation, January 1	2,305	2,063
Cost of service, current year	11	7
Special employer's contribution	-1	2
Interest expense	42	57
Actuarial gains/losses	90	154
Pension payments	-93	-121
Exchange-rate difference	-192	145
Obligation, December 31	2,161	2,305
Plan assets		
Fair value of plan assets, January 1	2,388	2,053
Recognized interest income	44	57
Yield excluding interest income	77	240
Administration fees	-1	-2
Receipts from employer	6	4
Pension payments	-81	-111
Exchange-rate difference	-201	148
Fair value of plan assets, December 31	2,231	2,388
Effect of asset ceiling	-118	-130
Provision for pensions, net	48	46

Of the total obligations, non-funded obligations accounted for SEK 8 m. (7), with the remainder comprising fully or partly funded obligations. The weighted average duration is 16 years.

The distribution of plan assets is presented in the table below. The plan assets do not include any financial instruments issued by Holmen companies or any assets used by Holmen.

Plan assets, SEK m.	2020	2019
Shares	1,119	1,201
Bond loans	1,093	1,160
Short-term interest-bearing investments	19	27
	2,231	2,388

During the year, pension costs of SEK 11 m. (7) pertaining to defined-benefit plans were recognized as personnel expenses. Interest expense on the pension liability amounted to SEK 42 m. (57) during the year and the anticipated interest income on the plan assets was SEK 44 m. (57). The net of these items has been recognized in net financial items as interest expense.

Cost recognized in other comprehensive income, SEK m.	2020	2019
Return on plan assets excluding interest income	77	240
Actuarial gains and losses from changes in demographic assumptions	30	45
Actuarial gains and losses from changes in financial assumptions	-208	-205
Actuarial gains and losses from experience-based adjustments	88	6
Special employer's contribution	-1	2
Effect of asset ceiling	-1	-73
	-15	14

Significant actuarial assumptions, % (weighted average)	2020	2019
Discount interest rate	0.9	1.9
Future pay increases	2.8	3.0
Future inflation	1.8	3.0

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.	2020	2019
Discount rate (+0.5%)	-151	-167
Future pay increases (+0.5%)	2	2
Future inflation (+0.5%)	112	128
Mortality (+1 year in expected lifespan)	113	117

Holmen's payments to funded defined-benefit plans in 2021 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 27 m. (30) and is charged against operating profit. Alecta's surplus can be distributed to policy holders and/or the insured. At the end of 2020, Alecta's collective consolidation rate was 148% (148).

NOTE 32 – OTHER 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.	2020	2019
On January 1	811	696
Business combination	75	-
Provisions during the year	53	251
Utilized during the year	-158	-124
Unutilized that was reversed during the year	-55	-14
Reclassification	-55	-
Translation differences	-1	1
	670	811
Long-term portion	506	653
Current portion	163	158
	670	811

Other provisions primarily pertain to uncertainty associated with obligations for restoration of the environment. SEK 263 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.	2020	2019
Accounts payable ¹	2,750	2,513
Other current liabilities		
Accrued expenses and deferred income		
Rental revenue	380	448
Other	1,288	965
Other current liabilities		
Liabilities to associated companies	4	4
Derivatives ²	70	147
VAT deduction	2	153
Other	362	311
	2,106	2,029
	4,857	4,541

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	
	2020	2019	2020	2019
Sales to related parties	275	371	11	11
Purchases from related parties	56	42		
Interest paid to related parties	11	13		
Receivables from related parties, Dec 31	318	479		
Debt to related parties, Dec 31	7	6	45	42

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 275 m. (425) from Holmen.

In 2016, Lundbergs issued a total of 75,000 warrants to senior executives of Industrivärden in return for market-based payment. Premiums paid amounted to SEK 12.00 per warrant. Each warrant provides entitlement during the period February 26, 2020 to February 26, 2021 to the acquisition of one Series C Industrivärden share for SEK 151.00. The recognized liability (measured at fair value) on December 31, 2020 was SEK 6.6 m.

In 2017, Lundbergs issued a total of 100,000 warrants to senior executives of Indutrade in return for market-based payment. Premiums paid amounted to SEK 23.50 per warrant. Each warrant provides entitlement during the period November 15, 2021 to November 15, 2022 to the acquisition of three Indutrade shares for SEK 294.00. The recognized liability (measured at fair value) on December 31, 2020 was SEK 22.6 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 confers entitlement to acquire one Series B Husqvarna share after five years for a calculated forward price. The recognized liability (measured at fair value) on December 31, 2020 was SEK 6.6 m.

Key personnel in executive positions

Fredrik Lundberg, who is the President 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, 2020, via his wholly owned company Förvaltnings AB Lunden (including subsidiaries), Fredrik Lundberg and his wife directly or indirectly held 70.95% (70.95) of the voting rights and 42.33% (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 11.21% (11.21) of the voting rights and 13.98% (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.	2020	2019
Pledged assets		
Real estate mortgages	1,252	1,403
Other commitments	21	21
	1,273	1,424
Contingent liabilities		
Other contingent liabilities	87	182

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, 2020, Holmen's forest assets amounted to SEK 43,202 m. (41,345), of which forest land accounted for SEK 14,538 m. (13,366) and biological assets for SEK 28,663 m. (27,979). A deferred tax liability of SEK 8,840 m. (8,442) 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.

Pensions 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.

Other 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.

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, December 31, 2020

Maturity	SEK m.	Proportion, %
2021	1,840	9
2022	3,779	18
2023	5,573	26
2024	4,480	21
2025-	5,593	26
	21,264	100

¹⁾ Excluding pension provisions of SEK 224 m.

The maturity structure of undiscounted amounts is presented in the table below.

SEK m.	2021	2022	2023	2024	2025-
Financial liabilities					
Derivatives	16	30	9	2	3
Derivatives attributable to working capital	66	2	7		
Accounts payable	2,750				
Liabilities, right-of-use assets	129	60	44	37	776
Other financial liabilities	1,866	3,875	5,626	4,526	4,455
Financial assets					
Derivatives	18	3	2	2	3
Derivatives attributable to working capital	298	226	29		2
Accounts receivable	2,069				
Other financial assets	1,645	32	33	35	236

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, 2020, Lundbergs' interest-bearing net debt totaled SEK 6,749 m. (5,979), of which interest-bearing liabilities and interest-bearing pension provisions accounted for SEK 7,230 m. (6,420) and interest-bearing assets for SEK 481 m. (441). The average capital maturity was 43 months (38). The maturity structure for financial liabilities is presented in the table below. In addition to raised loans of approximately SEK 7.0 billion, Lundbergs had committed long-term lines of credit totaling SEK 1.5 billion 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 billion, of which SEK 0 m. had been utilized on December 31, 2020.

Lundbergs also has a Swedish Medium Term Note program with an upper limit of SEK 10.0 billion, which provides the option of issuing bonds in SEK or EUR primarily to Swedish investors. At December 31, 2020, SEK 6.0 billion had been utilized.

Financial liabilities¹, December 31, 2020

Maturity	SEK m.	Proportion, %	Average effective interest rate, %
2021	64	15	0.9
2022	1,507	7	1.8
2023	2,004	28	1.2
2024	1,004	14	0.8
2025-	2,502	35	0.9
	7,080	100	1.0

¹⁾ Excluding pension provisions of SEK 150 m.

The maturity structure of undiscounted amounts is presented in the table below.

SEK m.	2021	2022	2023	2024	2025-
Financial liabilities					
Derivatives	7	26	7		
Accounts payable	89				
Liabilities, right-of-use assets	5	4	4	4	2
Other financial liabilities	145	1,573	2,055	1,032	2,536
Financial assets					
Accounts receivable	17				
Other financial assets	479				

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 43 months (38) at December 31, 2020. 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 5 m. Longer term, changes in interest rates would impact the entire net debt. The maturity structure of loans is presented in the table above.

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 12% of sales invoiced by property management. The credit risk is also limited by the fact that financial assets consist solely of instruments with a high credit rating. Accounts receivable/rent receivables at year-end totaled SEK 25 m. (32), of which SEK 18 m. (8) 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 152 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 15,234 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

NOTE 37 – cont.

finance function includes instructions, systems and a division of responsibilities for achieving efficient internal control and follow-up of the operations. Major financing solutions and derivatives transactions must be approved by the chair of the board, and the board of directors is informed about financial matters at every board meeting. Hufvudstaden aims to use surplus liquidity to repay existing loans. The surplus liquidity that is not used for such repayments may only be invested in highly liquid, low-risk instruments.

Financing risk

The financing risk occurs when difficulties arise in obtaining financing for operations at a given point in time. The aim is to have financing from at least three of the major banks and a loan portfolio with diverse maturities and a long maturity structure. To minimize the cost of Hufvudstaden's borrowing and to ensure that financing can be obtained, the company requires committed lines of credit that cover the renegotiation of loans and investments. There is also a commercial paper program and an MTN program. The board of directors continuously sets the level for capital tied-up in the loan portfolio. Management establishes rolling forecasts for the group's liquidity on the basis of expected cash flows. Hufvudstaden's borrowing amounted to SEK 8,650 m. at year-end. The average interest rate maturity was 1.8 years (2.6), the average capital maturity period 2.6 years (3.3) and the average effective interest rate 1.3% (1.2). Net debt was SEK 8,586 m. compared with SEK 7,404 m. at the end of 2019. At December 31, 2020, Hufvudstaden had long-term committed lines of credit of SEK 4.5 billion, of which SEK 3.5 billion was unutilized. Of these amounts, SEK 1.4 billion was reserved to cover outstanding commercial papers. In addition, there were commercial paper programs of SEK 3 billion, of which SEK 1.6 billion was unutilized, and MTN programs of SEK 8 billion, of which SEK 1.8 billion was unutilized. The company has satisfactory margins to the creditors' covenants in the loan agreements.

Financial liabilities¹, December 31, 2020

Maturity	SEK m.	Proportion, %
2021	1,060	11
2022	1,707	18
2023	2,504	27
2024	2,454	26
2025-	1,694	18
	9,420	100

¹ Excluding pension provisions of SEK 26 m.

The maturity structure of undiscounted amounts is presented in the table below.

SEK m.	2021	2022	2023	2024	2025-
Financial liabilities					
Accounts payable	165				
Liabilities, right-of-use assets	10	7	4	4	694
Other financial liabilities	1,091	1,774	2,545	2,472	1,002
Financial assets					
Derivatives attributable to working capital	1				
Accounts receivable	37				
Other financial assets	784				21

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, 2020 was 1.8 years. About one-fourth of interest-bearing liabilities have an interest rate maturity of three to six months and the remainder are subject to fixed interest. 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 2021 by SEK 23 m. (18) and a change in the market interest rate of minus 1 percentage point would reduce interest expense by SEK 16 m. (10). The difference between the interest expense is due to certain agreements being subject to interest rate floors.

Maturity structure, December 31, 2020

Maturity	Liabilities ¹ , SEK m.	Proportion, %	Average effective interest rate, %
2021	3,500	40	1.2
2022	1,200	14	1.5
2023	2,000	23	1.3
2024	1,000	11	1.4
2025	1,000	11	1.0
	8,700	100	1.3

¹ Excluding liabilities for right-of-use assets of SEK 720 m. and pension provisions of SEK 26 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 had negative effect of SEK 187 m. (pos: 141).

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 long-term business decisions. Financial net debt must not exceed 25% of shareholders' equity.

Currency risk

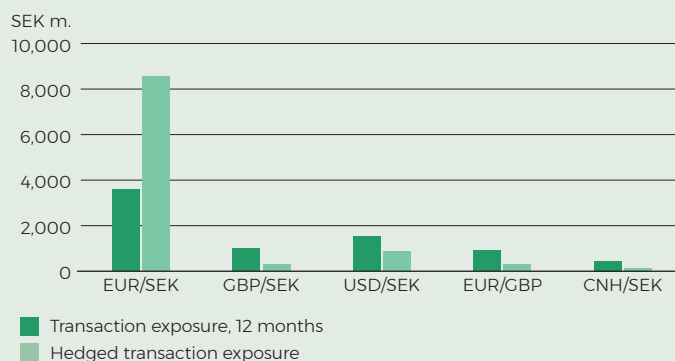
Holmen's earnings are affected by fluctuations in exchange rates. The risk associated with transaction exposure pertains to considerable amounts of sales in currencies other than the cost currency. The risk associated with translation exposure derives from translation of the non-Swedish subsidiaries' assets, liabilities and earnings to SEK.

To reduce the impact on earnings of changes in exchange rates, net flows are hedged using currency forward contracts. The net flow in EUR, USD and 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 10.64. For other currencies, four to seven months of flows are hedged.

At year-end, hedging of GBP amounted to GBP 33 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 a negative SEK 16 m. in 2020 (neg: 419), with the remainder recognized in other comprehensive income, since hedge accounting is applied. The market value of outstanding currency hedges at December 31, 2020 was SEK 466 m. (neg: 27).

The translation of net foreign assets had negative effect of SEK 187 m. (pos: 141) on consolidated equity. The market value of outstanding hedges of net assets at December 31, 2020 was SEK 7 m. (3) 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 380 m. per year.

SEK m.	Netto
SEK against EUR	8
SEK against USD	36
SEK against GBP	33
SEK against other currencies	48

Financing risk

Holmen's strategy is to have a strong financial position to provide it with the latitude to make long-term business decisions. The objective is that financial net debt will not exceed 25% of shareholders' equity. Holmen's financing mainly comprises bond loans and commercial paper. The risk that capital procurement will be difficult or costly in the future is reduced by using long-term committed lines of credit. The planning of financing is managed through forecasts of requirements for forthcoming years based on the Group's budget and earnings forecasts that are updated regularly.

The company's financial position is strong, with financial net debt at December 31, 2020 amounting to SEK 4,181 m., corresponding to 10% of shareholders' equity. SEK 605 m. of financial liabilities matures during 2021. Holmen has contracted credit lines of SEK 5,000 m., of which SEK 4,000 m. matures in 2026 and SEK 1,000 m. in 2024. 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, December 31, 2020

Maturity	SEK m.	Proportion, %
2021	716	15
2022	565	12
2023	1,065	22
2024	1,022	21
2025-	1,397	29
	4,765	100

¹⁾ Excluding pension provisions of SEK 48 m.

The maturity structure of undiscounted amounts is presented in the table below.

SEK m.	2021	2022	2023	2024	2025-
Financial liabilities					
Derivatives	9	4	2	2	3
Derivatives attributable to working capital	66	2	7	0	
Accounts payable	2,496				
Liabilities, right-of-use assets	113	50	36	29	80
Other financial liabilities	630	529	1,026	1,023	918
Financial assets					
Derivatives	18	3	2	2	3
Derivatives attributable to working capital	297	226	29	0	2
Accounts receivable	2,015				
Other financial assets	383	32	33	35	215

Interest rate risk

The fixed interest maturity for Holmen's financial assets and liabilities is normally short. The Holmen board can decide to lengthen interest rate maturities in order to limit the effect of a rise in interest rates. 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 2020 was 1.2%. In 2020, the long-term fixed interest maturities increased by a total of SEK 900 m. over five years. The table below shows Holmen's fixed interest maturities by currency.

Maturity structure, December 31, 2020

	-1 year	1-3 years	3-5 years	>5 years	Pension provisions	Right-of-use agreements	Total
SEK	1,774	500	1,400		18	192	3,884
EUR	-24				6	78	61
GBP	213				24	7	244
Other currencies	-16					10	-6
	1,947	500	1,400		48	287	4,182

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 10 m. on earnings in 2021. On December 31, 2020, the market value of the derivatives used to steer interest rate maturities was a negative SEK 3 m. (neg: 6), which was recognized in other comprehensive income since hedge accounting is applied. This amount is expected to be recognized in profit and loss in 2021 and later.

Price risk

The costs for input goods in 2020 were slightly lower than in 2019. Net consumption of electricity has been price hedged at a rate of 70% for 2021 and 65% for 2022 and 15-35% for 2023-2025. The nominal amount of financial hedges amounts to SEK 625 m. Based on prevailing hedges, an increase in the price of electricity by 40 percentage points would impact shareholders' equity by SEK 256 m. When the Blåbergsliden wind farm is commissioned at the end of 2021, the group's net exposure to electricity prices will decline.

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. At the same time, Holmen sells hydro and wind power electricity to the electricity grid. 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. 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 2020, amounted to negative SEK 82 m. (pos: 172). The market value of outstanding financial electricity hedges at December 31, 2020 was SEK 14 m. (206). 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, 2020, Holmen had outstanding derivative contracts with a nominal value of SEK 15 billion and a net market value of SEK 477 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, 2020, Holmen's accounts receivable amounted to SEK 2,015 m., of which 32% (35) was insured against credit losses. During the year, credit losses on accounts receivable had a negative impact of SEK 14 m. (neg: 7) on profit. Sales to the five largest customers accounted for 15% of Holmen's total sales in 2020.

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, but generally does not exceed about SEK 35 m. for an individual claim. 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

AB Nordiska Kompaniet reached an agreement on Januari 27, 2021 with RNB Retail and Brands to acquire NK business within their subsidiary Departments & Stores Europe DSE. The business was acquired by NK Retail AB, a wholly owned subsidiary of NK. The acquisition closed on February 3, 2021. The pur-

chase consideration was SEK 58 m. and corresponds to the value of the inventory. In all, NK Retail runs about 40 departments in fashion, cosmetics and jewellery at NK Stockholm and NK Gothenburg, together comprising around 25 % of the total number of departments in the department stores.

NOTE 39 – GROUP COMPANIES

Holdings in subsidiaries ¹	Registered office	Country	Number of shares Dec 31, 2020	Percentage of share capital ²	
				2020	2019
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	93,377,680	46.2	45.3
AB Citypalatset	Stockholm	Sweden	1,200	100	100
AB Nordiska Kompaniet	Stockholm	Sweden	19,460,666	100	100
Aktiebolaget Hamngatsgaraget	Stockholm	Sweden	3,000	100	100
Cecil Coworking AB	Stockholm	Sweden	1,000	100	100
Fastighetsaktiebolaget Medusa	Stockholm	Sweden	300	100	100
Fastighetsaktiebolaget Stockholm City	Stockholm	Sweden	7,776	100	100
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
Parkaden Aktiebolag	Stockholm	Sweden	5,000	100	100
Holmen AB (publ)	Stockholm	Sweden	27,622,000	34.1	34.1
Blåbergsliden Vind AB	Stockholm	Sweden	500	100	100
Holmen Energi AB	Örnsköldsvik	Sweden	1,000	100	100
Holmen Energi Elnät AB	Örnsköldsvik	Sweden	500	100	100
Holmen Holding AB	Stockholm	Sweden	10,000	100	100
Holmen Paper AB	Norrköping	Sweden	100	100	100
Holmen Skog AB	Örnsköldsvik	Sweden	1,000	100	100
Holmen Skog AB	Örnsköldsvik	Sweden	1,000	100	100
Holmen Skog Mitt AB	Stockholm	Sweden	1,000	100	100
Holmen Skog Syd AB	Stockholm	Sweden	1,000	100	100
Holmen Sägverk AB	Stockholm	Sweden	1,000	100	100
Holmen Timber AB	Hudiksvall	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
MoDo Capital AB	Stockholm	Sweden	1,000	100	100
AS Holmen Mets	Tallinn	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 Suecia Holding S.L.	Madrid	Spain			100
Holmen Paper Madrid S.L.	Madrid	Spain			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	Hong Kong	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, 2020 was 88.4% (88.1) and for Holmen 62.3% (62.3).

Income statement

PARENT COMPANY, SEK m.	Note	2020	2019
Personnel costs	2	-13	-14
Depreciation	3	-1	-0
Other external costs	4	-22	-17
Operating loss		-36	-31
Result from financial items	5		
Result from participations in Group companies		1,058	718
Result from participations in associated companies		98	655
Result from other securities and receivables classed as fixed assets		69	501
Interest income		51	52
Interest expense and similar costs		-85	-55
Profit after financial items		1,154	1,840
Appropriations	6	132	-24
Profit before taxes		1,286	1,816
Tax	7	-19	-161
Net profit for the year		1,267	1,655

Statement of comprehensive income

PARENT COMPANY, SEK m.	2020	2019
Net profit for the year	1,267	1,655
Other comprehensive income		
<i>Items that cannot be transferred to profit or loss</i>		
Financial assets measured at fair value	-376	3,311
Tax attributable to other comprehensive income	73	-381
	-303	2,930
Total comprehensive income for the year	963	4,585

Balance sheet

PARENT COMPANY, SEK m.	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Fixed assets			
<i>Tangible fixed assets</i>	8	7	8
<i>Financial fixed assets</i>			
Participations in Group companies	9	6,838	6,838
Participations in associated companies	10	16,488	15,905
Other long-term holdings of securities	11	15,234	14,904
Other long-term receivables	12	2	2
Total financial fixed assets		38,562	37,649
Total fixed assets		38,570	37,657
Current assets			
<i>Current receivables</i>			
Receivable from Group companies	12, 13	5,640	4,045
Other operating receivables		10	5
Total current receivables		5,649	4,049
Cash and cash equivalents	12, 14	479	438
Total current assets		6,127	4,487
TOTAL ASSETS		44,697	42,144
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		6,182	6,485
Earnings brought forward		26,295	24,640
Net profit for the year		1,267	1,655
Total shareholders' equity		36,224	35,260
Untaxed reserves	16	667	725
Provisions	17	743	815
Long-term liabilities			
Long-term financial liabilities	12	7,000	4,500
Other long-term liabilities		29	14
Total long-term liabilities		7,029	4,514
Current liabilities			
Liabilities to Group companies	12, 13	0	2
Other financial liabilities	12, 13	13	815
Tax liabilities		4	1
Other current liabilities	18	18	11
Total current liabilities		35	829
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		44,697	42,144

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 January 1, 2019	2,480	3,555	23,719	1,715	31,469
Distribution of profits			1,715	-1,715	
Total comprehensive income for the year		2,930		1,655	4,585
Dividend			-794		-794
SHAREHOLDERS' EQUITY ON DEC. 31, 2019	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

Cash flow statement

PARENT COMPANY, SEK m.	Note 14	2020	2019
Operating activities			
Profit after financial items		1,154	1,840
Adjustment for items not included in cash flow		22	10
Income tax paid		-16	-161
		1,160	1,689
Change in current receivables		-5	-3
Change in current liabilities		-2	1
CASH FLOW FROM OPERATING ACTIVITIES		1,153	1,688
Investing activities			
Acquisition of tangible fixed assets			-2
Acquisition of financial assets		-1,289	-1,026
Sale of tangible fixed assets		0	0
CASH FLOW FROM INVESTING ACTIVITIES		-1,289	-1,028
Financing activities			
Loans raised		4,000	5,200
Loans repaid		-3,824	-4,747
Dividend paid			-794
CASH FLOW FROM FINANCING ACTIVITIES		177	-340
CASH FLOW DURING THE YEAR		40	320
Cash and cash equivalents on January 1		438	118
Cash and cash equivalents on December 31		479	438

Notes – Parent Company

NOTE 1 – ACCOUNTING POLICIES

Parent Company's accounting policies

The Parent Company applies the same accounting policies as the Group, apart from the cases specified below. The deviations that exist between the Parent Company's and the Group's accounting policies result from limitations in the ability to apply IFRS within the Parent Company, due to the Annual Accounts Act (AAA) and the Pension Obligations Vesting Act (Tryggandelagen) and in certain cases for tax purposes.

The Parent Company has prepared its annual accounts in accordance with the AAA (1995:1554) and the Swedish Financial Reporting Council's Recommendation RFR 2, Accounting for Legal Entities. According to RFR 2, the Parent Company, as the legal entity, must apply all of the EU-approved IFRS and statements insofar as this is possible within the framework of AAA and the Pension Obligations Vesting Act and taking into account the correlation between accounting and taxation. This recommendation specifies the exceptions from and additions to IFRS that may be applied. The Swedish Financial Reporting Council's issued statements concerning listed companies have also been applied.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with AAA, while the statement of comprehensive income and the statement of changes in shareholders' equity are based on IAS 1 Presentation of Financial Statements. The differences in relation to the consolidated financial statements that arise in the Parent Company's income statement and balance sheet mainly comprise the recognition of results from financial items, fixed assets and shareholders' equity and untaxed reserves, as well as the existence of provisions as a separate item in the balance sheet.

Subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized in the Parent Company according to the acquisition value method. This means that transaction charges are included in the carrying amount for shareholdings in subsidiaries and associated companies.

Revenues

Dividend income is recognized when the right to receive the dividend is considered certain.

Tangible fixed assets

Tangible fixed assets are recognized at acquisition value less accumulated depreciation and any impairment losses.

Borrowing costs

In the Parent Company, borrowing costs are charged against profit or loss during the period to which they pertain. No borrowing costs are capitalized as assets.

Leasing

In the Parent Company, all leases are recognized as operating; i.e. lease payments are expensed in pace with the use of the asset.

Taxes

In the Parent Company, untaxed reserves are recognized without being divided up into shareholders' equity and deferred tax liabilities, which means this approach differs from the approach adopted in the consolidated financial statements.

Group and shareholder contributions

Shareholder contributions are entered directly in the shareholders' equity of the recipient and are capitalized in shares and participations by the donor. Group contributions are recognized according to RFR 2 IAS 18 p3 and RFR 2 IAS 27 p2. Recognition is according to the alternative rule entailing that Group contributions received and paid will be recognized as appropriations.

Financial guarantee agreements

The Parent Company's financial guarantee agreements consist mainly of sureties for the benefit of subsidiaries. For the recognition of financial guarantee agreements, the Parent Company applies one of the relief rules permitted by the Swedish Financial Reporting Council, as compared with the rules of IFRS 9.

NOTE 2 – PERSONNEL COSTS FOR EMPLOYEES

Information regarding the Parent Company's employees and personnel costs is presented in Note 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.	2020	2019
Costs for defined-benefit plans	2	2

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

NOTE 3 – DEPRECIATION ACCORDING TO PLAN

SEK m.	2020	2019
Machinery and equipment	1	0

NOTE 4 – FEES AND REMUNERATION PAID TO THE AUDITORS

SEK m.	2020	2019
Remuneration of KPMG AB		
Auditing assignments	0.8	0.7
Other assignments	0.2	0.1
	1.0	0.7

NOTE 5 – FINANCIAL ITEMS

Dividends, SEK m.	2020	2019
Group companies	1,058	718
Associated companies	98	655
Other securities and receivables classed as fixed assets	69	501
	1,224	1,874
Interest income, SEK m.	2020	2019
Interest income, Group companies	51	52
	51	52
Interest expense and similar costs, SEK m.	2020	2019
Interest expenses, Group companies	-0	-0
Interest expenses, others	-58	-46
Others	-27	-9
	-85	-55

NOTE 6 – APPROPRIATIONS

SEK m.	2020	2019
Difference between book depreciation and depreciation according to plan, Equipment	-0	-0
Tax allocation reserve, provision during the year	-30	-250
Tax allocation reserve, reversal during the year	88	132
Group contribution received	91	95
Group contribution granted	-18	
	132	-24

NOTE 7 – TAX

SEK m.	2020		2019	
Current tax cost				
Tax cost during the year		-19		-161
		-19		-161
Reconciliation of effective tax	2020	2019	2020	2019
	SEK m.	%	SEK m.	%
Profit before taxes	1,286		1,816	
Swedish income tax rate	-275	21	-389	21
Non-tax-deductible costs	-4	0	-2	0
Non-taxable revenues	262	-20	232	-13
Standard tax on tax allocation reserve	-1	0	-1	0
Others	-1	0	-1	0
Reported effective tax	-19	1	-161	9

	2020			2019		
Tax attributable to other comprehensive income	Before tax	Tax	After tax	Before tax	Tax	After tax
Fair value of participations	-376	73	-303	3,311	-381	2,930

NOTE 8 – TANGIBLE FIXED ASSET

Equipment, SEK m.	2020	2019
Accumulated acquisition value		
Opening balance	12	11
Investments		2
Divestments and scrappage during the year		-0
	12	12
Accumulated depreciation according to plan		
Opening balance	-5	-4
Divestments and scrappage during the year		0
Depreciation according to plan during the year	-1	-0
	-5	-5
Closing balance	7	8

NOTE 9 – PARTICIPATIONS IN GROUP COMPANIES

SEK m.			2020			2019			
Accumulated acquisition value									
On January 1			6,838			6,838			
			6,838			6,838			
Specification of direct holdings of participations in subsidiaries	Corp. Reg. No.	Registered office	No. of shares		Holding as a % ¹		Fair value	Carrying amount	
			Dec 31, 2020	2020	2019	2020-12-31	2020	2019	
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)	16,081	3,828	3,828	
Hufvudstaden AB ²	556012-8240	Stockholm	93,377,680	46.2 (88.4)	45.3 (88.1)	17,436	2,830	2,830	
Other direct holdings							0	0	
							6,838	6,838	
Indirectly owned subsidiaries (major holdings)									
Owned by Holmen AB									
Holmen Skog Mitt AB	559165-6623	Stockholm	1,000	100	100				
Holmen Skog Syd AB	559165-6631	Stockholm	1,000	100	100				
Holmen Vattenkraft AB	559165-6664	Stockholm	1,000	100	100				
Holmen UK Ltd, Storbritannien		Workington	1,197,100	100	100				
Owned by Hufvudstaden AB									
AB Citypalatset	556034-7246	Stockholm	1,200	100	100				
AB Nordiska Kompaniet	556008-6281	Stockholm	19,460,666	100	100				

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.

NOTE 10 – PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK m.			2020			2019			
On January 1			15,905			15,243			
Investments			582			662			
			16,488			15,905			
Specification of direct holdings of participations in subsidiaries	Corp. Reg. No.	Registered office	No. of shares		Holding as a % ¹		Fair value	Carrying amount	
			2020-12-31	2020	2019	2020-12-31	2020	2019	
Husqvarna AB	556000-5331	Jönköping	43,542,012	7.6 (25.2)	7.6 (25.2)	4,657	2,021	2,021	
AB Industrivärden	556043-4200	Stockholm	77,100,000	17.7 (24.0)	17.1 (23.8)	21,054	11,957	11,375	
Indutrade AB	556017-9367	Stockholm	96,840,000	26.6 (26.6)	26.7 (26.7)	17,063	2,510	2,510	
						42,774	16,488	15,905	

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 – OTHER LONG-TERM HOLDINGS OF SECURITIES

SEK m.	2020		2019	
Accumulated acquisition value				
On January 1		14,904		11,229
Investments		706		364
Year's changes in value		-376		3,311
		15,234		14,904
	Shareholding, Dec 31, 2020 as a % of		SEK m.	
	share capital	voting rights	2020	2019
Financial assets ^{1,2}				
Handelsbanken A	2.8	2.8	4,543	5,045
Sandvik	2.4	2.4	6,039	5,480
Skanska A ³	5.2	12.9	1,391	1,405
Skanska B			3,261	2,974
			15,234	14,904

¹⁾ Measured at fair value through other comprehensive income.

²⁾ Fair value at December 31, 2020 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.	2020		2019	
Acquisition value of listed shares				
On January 1		8,937		8,573
Investments		706		364
		9,643		8,937
Year's changes in fair value through profit or loss				
On January 1		-1,334		-1,334
		-1,334		-1,334
Year's changes in fair value through the balance sheet				
On January 1		7,301		3,990
Changes in value		-376		3,311
		6,925		7,301
		15,234		14,904

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 negative SEK 13 m. (pos: 469), 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	
	2020	2019	2020	2019
Long-term financial receivables				
Other financial receivables	2	2	2	2
	2	2	2	2
Current financial receivables				
Other financial receivables	5,649	4,045	5,649	4,045
	5,649	4,045	5,649	4,045
Cash and cash equivalents				
Bank balances	479	438	479	438
	479	438	479	438
Long-term financial liabilities				
Bond loans	6,000	4,500	6,012	4,515
Bank loans	1,000		1,001	
	7,000	4,500	7,013	4,515
Current financial liabilities				
Commercial papers		800		800
Accrued interest	13	15	13	15
Other current liabilities	0	2	0	2
	13	817	13	817

¹⁾ All items are recognized at accrued acquisition value.

Financial instruments not included in net financial debt

SEK m.	2020		2019	
Assets				
Participations in Group and associated companies ¹		23,146		22,564
Financial investments ²		15,234		14,904
Shares in unlisted companies ³		180		180
Accounts receivable		0		0
Liabilities				
Accounts payable		1		2
Recognized among operating liabilities				
Derivatives ³		36		14

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, December 31, 2020

Maturity	SEK m.	Proportion, %
2021	13	0
2022	1,500	21
2023	2,000	29
2024	1,000	14
2025-	2,500	36
	7,013	100

NOTE 13 – RELATED PARTIES

Subsidiaries, SEK m.	2020	2019
Interest received from related parties	45	52
Interest paid to related parties	-	-
Receivable from related parties, Dec 31	5,640	4,045
Debt to related parties, Dec 31	0	2
Key personnel in executive positions, SEK m.	2020	2019
Sales to related parties	11	11
Debt to related parties, Dec 31	45	42

Transactions with related parties have been priced on commercial terms.

In 2016, Lundbergs issued a total of 75,000 warrants to senior executives of Industrivärden in return for market-based payment. Premiums paid amounted to SEK 12.00 per warrant. Each warrant provides entitlement during the period February 26, 2020 to February 26, 2021 to the acquisition of one Series C Industrivärden share for SEK 151.00. The recognized liability (measured at fair value) on December 31, 2020 was SEK 6.6 m.

In 2017, Lundbergs issued a total of 100,000 warrants to senior executives of Indutrade in return for market-based payment. Premiums paid amounted to SEK 23.50 per warrant. Each warrant provides entitlement during the period November 15, 2021 to November 15, 2022 to the acquisition of three Indutrade shares for SEK 294.00. The recognized liability (measured at fair value) on December 31, 2020 was SEK 22.6 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 confers entitlement to acquire one Series B Husqvarna share after five years for a calculated forward price. The recognized liability (measured at fair value) on December 31, 2020 was SEK 6.6 m.

Key personnel in executive positions

Via his wholly owned company Förvaltnings AB Lunden (including subsidiaries), Fredrik Lundberg and his wife directly or indirectly hold 70.95% (70.95) of the voting rights and 42.33% (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 11.21% (11.21) of the voting rights and 13.98% (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.	2020	2019
Interest received	51	52
Interest paid	-65	-55
Dividends received	1,224	1,874
	1,210	1,871
Cash and bank balances¹, SEK m.	2020	2019
Bank balances	479	438
	479	438

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

Under the MTN program, SEK 1,500 m. (2,000) was borrowed on a long-term basis and nothing (SEK 1,500 m.) was repaid.

Under the commercial paper program, a total of SEK 1,500 m. (3,200) was borrowed on a short-term basis, divided among several loans, and SEK 2,300 m. (2,700) was repaid.

Instrument	2020	Cash flow	Market revaluations	2019
Commercial papers		-800		800
Bond loans	6,000	1,500		4,500
Derivatives	36		22	14
Others	1,013	996		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.	2020	2019
Opening value	6,485	3,555
Changes in value	-376	3,311
Tax attributable to changes in value	73	-381
	6,182	6,485

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 33,743,847,971.

The Board of Directors proposes that the AGM on April 15, 2021 approve a dividend of SEK 3.50 per share. The proposed dividend totals SEK 868 m.

The Board of Directors also proposes that the remaining amount of SEK 32,875,847,971 be carried forward.

In the preceding year, a dividend of SEK 0 per share (SEK 0 m.) was paid.

Other information is presented in Note 28 for the Group.

NOTE 16 – UNTAXED RESERVES

SEK m.	2020	2019
Equipment		
Opening balance	0	0
Accelerated depreciation during the year	-0	-0
Closing balance	0	0
Tax-allocation reserves		
Reserved for 2014 fiscal year		88
Reserved for 2015 fiscal year	113	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	
	666	725
	667	725

Of untaxed reserves, deferred tax accounts for SEK 143 SEK m. (158).

NOTE 17 – PROVISIONS

Provisions for taxes, SEK m.	2020	2019
Holdings of securities measured at fair value		
On January 1	815	435
Provisions during the year	-73	381
	743	815

NOTE 18 – OTHER CURRENT LIABILITIES

SEK m.	2020	2019
Accounts payable	1	2
Other liabilities	0	0
Accrued expenses and deferred income	17	9
	18	11

NOTE 19 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

No assets were pledged.

Contingent liabilities, SEK m.	2020	2019
Contingent liabilities on behalf of subsidiaries	77	772

Proposed allocation of earnings

The Board of Directors proposes that the funds available for distribution by the Annual General Meeting, an amount of SEK 33,744 m. (SEK 33,743,847,971), be distributed as follows:

To shareholders, a dividend of SEK 3.50 per share	SEK 868 m.
To be carried forward	SEK 32,876 m.
	SEK 33,744 m.

The company has 248,000,000 registered shares. The sum total of the proposed dividend above, SEK 868 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 25, 2021. 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 15, 2021. Monday, April 19, 2021 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 Thursday April 22, 2021.

Stockholm, February 25, 2021

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 Petterson
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 March 1, 2021

KPMG AB

Joakim Thilstedt
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 for the year 2020, except for the sustainability report on pages 22-29. 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 the parent company as of 31 December 2020 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 2020 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 sustainability report on pages 22-29.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

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 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.

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

See notes 10, 12, 18, 35 and accounting principles on page 63 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Investment properties are accounted for at fair value in the consolidated accounts. The carrying value amounts to SEK 70,772 m. as of 31 December 2020, which represents 39% of the Group's total assets and is based on internal valuations of each of the Group's properties. These valuations are based on assumptions such as investment yield, future occupancy rates and expected rentals. To assure the valuations management has additionally obtained property valuations carried out by independent external experts for a subset of the properties.

With regards to the valuation of investments in existing properties, it is also necessary to consider the group's processes for project management, in particular the monitoring of construction costs and any economic obligations in relation to these projects.

There is a risk that the underlying assumptions used to determine the carrying value of investment properties are proven to have been inappropriate and may need to be adjusted, which would directly affect the reported results for the period.

Response in the audit

We have assessed the internal valuation processes in the operating segments Lundbergs and Hufvudstaden and have selected samples for recalculating the completed property valuations. Particular attention has been given to valuations of properties with retail stores and restaurants as a consequence of the ongoing Covid-19 pandemic.

Assumptions about investment yield, rentals and vacancies have been evaluated against external data in terms of transactions involving similar properties, rent levels in newly subscribed rental agreements regarding the Group's properties and long term vacancies according to external valuation reports.

We have assessed whether the applied internal valuation methods seem reasonable by comparing them to methods that are, from our experience, used by other property companies and valuation experts. Additionally, we have made comparisons to the property valuations carried out by independent external experts, which the Group has obtained for a subset of its properties.

With regards to investments in existing properties, we have for a sample of projects had review meetings with the relevant project managers within the Group. We have evaluated the Group's internal controls for property development projects through procedures such as selecting samples for testing authorizations of investment calculations, contracting property development and maintenance.

nance work and current expenses. Moreover, we have taken part of prepared forecasts and analysis of potential deviations from original investment calculation in order to evaluate the accuracy of the forecasts in relation to our previous experience of projects that have already been completed.

Furthermore, we have considered the completeness of the underlying data and circumstances that are disclosed in the notes to the Annual Report and evaluated whether the information provided is sufficient to understand management's judgement and the key assumptions used.

Valuation of forest assets

See notes 11, 17, 35 and accounting principles on pages 61-63 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Forest assets comprise of forest land and biological assets in the Group's operating segment Holmen and have a total carrying value on the group's balance sheet of SEK 43,202 m. as of 31 December 2020. This is made up of SEK 14,538 m. forest land and SEK 28,663 m. biological assets.

The forest assets are valued at fair value, where the determination of the fair value of the forest assets is based on transaction prices for forest properties in those areas where the group owns forest land, considering the location of the forest land and differences in the nature of the forest in terms of the volume of standing timber and site quality.

The fair value calculation of forest assets is both complex and comprises judgements. There is a risk that the market transactions that form the basis of the valuation do not accurately mirror the value of the group's forest assets, which could significantly affect the carrying value.

The total value of forest assets is subsequently allocated between growing trees, which is recognised as a biological asset, and forest land. The value which is allocated to biological assets is determined by discounting estimating future cash flows from the growing trees to present value. The valuation is performed internally and is calculated using a combination of harvesting plans, future sales prices, cost projections, inflation and discount rates.

Response in the audit

We have obtained and assessed the group's model for determining fair value of forest assets. We have also made an independent calculation of the value of forest assets based on the same model and underlying base data. The frequency and number of transactions in the areas where the group owns forest land has been assessed. During our audit we have also performed detailed sample testing by agreeing underlying transactions which form the basis of the group's valuation, regarding price and area to external supporting documentation. In connection with this we have also evaluated the market operators from which the group uses data on completed transactions. We have moreover inspected the external reference valuation which was carried out on a portion of the group's forest assets.

Regarding the portion of the total fair value which is allocated to biological assets, we have examined the valuation and underlying documentation in order to assess whether the valuation is carried out in accordance with an established valuation methodology.

Furthermore, we have had discussions with management and, through evaluation of management's written plans and documen-

tation, we have assessed the reasonableness of assumptions regarding volumes, prices, costs and the discount rate used in the valuation model. We have also performed sensitivity analysis to assess how changes in the assumptions can affect the overall valuation.

We have also considered the completeness of the disclosures in the Annual Report and assessed whether they show a true and fair view of the new accounting principle which has been applied and are in line with the assumptions that group management have applied in their valuation.

Valuation of financial fixed assets in the parent company L E Lundbergföretagen AB

See notes 5, 9, 10, 11 in the parent company and accounting principles on page 88 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Financial fixed assets in the parent company L E Lundbergföretagen AB per 31 December 2020 amount to SEK 38,562 m., which represents 86% of the parent company's total assets.

The financial fixed assets consist of shares, which are accounted for as participations in group companies, participations in associated companies and other long-term holdings of securities. The first two categories are accounted for in accordance with the cost method, while the last category is accounted for at fair value.

Participations measured according to the cost method is impaired if the fair value at the closing date is lower than cost. Participations measured at fair value is continuously accounted for at fair value even if that value is higher than cost.

Fair value on participations traded on an active market is based on quoted prices. For participations in listed companies with several series (if not all series are listed) the fair value is calculated based on a 10% premium on the price of the publicly traded series. The fair value of non listed participations are calculated based on net asset value.

There is a risk that impairment is not recorded, particularly on participations measured at cost and non listed participations.

Response in the audit

We have inspected and assessed the company's assessment of the fair values for the financial fixed assets.

Valuation of participations traded on an active market has been verified against current market data. Valuation of non listed participations has been assessed and verified against the company's calculations.

We have also considered the the completeness of the disclosures 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 other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. 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 iden-

tified 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 Directors 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 Directors and the Managing Director of L E Lundbergföretagen AB for the year 2020 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 Directors 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 Directors 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's 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 22-29, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is 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 opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of L E Lundbergföretagen AB by the general meeting of the shareholders on the 4 June 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since before 1994.

Stockholm, March 1, 2021
KPMG AB

Joakim Thilstedt
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 Carl Bennet AB,
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,
Carlsberg, Civaudan 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):
34,677,204



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): 104,981,000



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):
34,677,204



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, Indutrade and Festo A.G.
Number of shares: 4,000



Bo Selling

Born 1958
M. Sc. Economics
Elected to the Board in 2020
Deputy 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 2020, the number of board meetings amounted to eight, 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

Auditor KPMG AB

Auditor in Charge
Joakim Thilstedt,
Authorized Public Accountant
Born 1967



Senior executives L E Lundbergföretagen AB

Fredrik Lundberg

Born 1951, employed since 1977
President and CEO
Number of shares (including
companies and spouse):
104,981,000

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):
34,677,204

Christian Claesson

Born 1980, employed since 2015
Regional Manager East

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

Camilla Ahlén

Born 1971, employed since 2018
Chief Accountant

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 15, 2021, 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 Thursday April 15, 2021.

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 Wednesday April 7, 2021 and give notice of intent to participate to the Company no later than on Wednesday April 14, 2021 by submitting its postal vote so that the postal vote is received by L E Lundbergföretagen no later than Wednesday April 14, 2021.

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 2021", Box 5267, 102 46 Stockholm
- **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 April 14, 2021. 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 Wednesday April 7, 2021. 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 3.50 per share. Monday, April 19, 2021 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 Thursday April 22, 2021.

Financial information

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

May 25, 2021	Interim Report January – March 2021
August 24, 2021	Interim Report January – June 2021
November 24, 2021	Interim Report January – September 2021
February 2022	Year-End Report for 2021

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

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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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