

**ANNUAL REPORT
FOR STIFTELSEN INDUSTRIFONDEN
CIN: 802009-0083
Registered office: Stockholm**

2017-18



This is a translation of the original Swedish text. In the event of any discrepancy between the English translation and the Swedish original, the Swedish version shall govern.

DIRECTORS' REPORT

The Board of Directors and Executive Director for Stiftelsen Industrifonden (Industrifonden), CIN: 802009-0083, hereby present the Annual Report for the financial year 1 July 2017 – 30 June 2018, which is Industrifonden's 39th financial year. When comparison figures are available, they will be shown in parentheses. There may be rounding differences.

Focus of operations

Industrifonden's mandate is to promote industrial growth and renewal in Sweden. This is done by focusing operations on investments in Swedish growth companies or companies with a Swedish connection. Our investments are always on commercial terms. We prioritize venture capital investments in companies that are in the early phases of expansion, where there is high risk, and with particular focus on the Life Science and Technology sectors. For its investing activities, Industrifonden collaborates with entrepreneurs and other investors. The overriding aim is to create value and generate returns.

The board of directors has established societal goals, where the starting point for Industrifonden's investing activities is to achieve financial goals that generate benefits to society.

Society benefits by stimulating innovation, growth and sustainable development. Industrifonden shall:

- Engage in commercially viable activities that strengthen the funding chain from research/innovation throughout the journey to stable, self-propelled companies. In this way, Industrifonden participates in creating new, knowledge-intensive industries
- Help create a healthy, well-functioning venture capital market in Sweden by stimulating syndication to important projects with private investors, leveling out growth companies' access to capital over the business cycle and acting as a long-term guarantor for Swedish expertise in the venture capital market

The financial goals established by the board are summarized below.

- Between 50 and 60 percent of equity shall be invested in companies
- Return on equity shall exceed the five-year government bond yield over an investment cycle
- Shared costs (personnel costs and other external costs) shall not exceed 2.5 percent of total assets

All of these goals were achieved during the financial year (see the table on page 3).

Industrifonden offers capital, expertise and a network to small and medium-sized companies with high growth potential. Industrifonden is an active, long-term minority investor that primarily collaborates on investments with private investors and entrepreneurs. Industrifonden is a fund that reinvests its realized gains in new investments.

In addition to its investing activities, Industrifonden manages its liquid assets in accordance with instructions established by the board.

Important events during the financial year

Industrifonden invested a total of SEK 346 (573) million, not including capitalized acquisition costs of SEK 1 (2) million, of which SEK 45 (145) million was investments in three (three) new

companies: Adfenix AB, DPOrganizer AB and Fast Travel Games AB. SEK 301 (428) million was follow-up investments in companies where Industrifonden has previously invested.

All of the shares in the following companies were divested during the financial year: Heliospectra AB, Hövding AB, Jensen Devices AB, Powerbox International AB, Q-Fog AB, Soundtrap AB and Spotify Technology SA. In addition, all of the shares in MIPS AB were divested via the jointly owned company, KTH Chalmers Holding KB. A portion of Industrifonden's holdings in SaltX Technology AB, Gionova Sverige AB and Widespace AB were also divested.

Capital gains and dividends amounted to SEK 153 (257) million. Value adjustments and capital losses amounted to SEK -83 (-53) million.

Industrifonden's portfolio company, Calliditas Therapeutics AB, became listed on OMX Small Cap on 29 June 2018. Industrifonden contributed SEK 40 million in a new share issue that totaled SEK 650 million.

On 31 March 2018, Industrifonden's Executive Director since 2014, Anders Slettengren, left to take a new position outside Industrifonden. David Sonnek took over as the new Executive Director for Industrifonden on 20 June 2018. During the period 1 April 2018 until 19 June 2018, Industrifonden's CFO, Tomas Nygren, served as the acting Executive Director.

Organization

Investing activities are run by two investment teams, one of which specializes in Technology, the other in Life Science. A supplementary specialist function, Portfolio Development, has also been set up to promote efficient portfolio management. We also have a small, cohesive team for Business Support, where some functions are provided by consultants. Industrifonden has its office in Stockholm.

During the year, efforts continued, as in prior years, to develop the organization, brand and company culture.

The average number of employees during the financial year was 21 (22).

Sustainability efforts

Industrifonden's sustainability efforts are focused on investing activities and the portfolio companies' alignment with the UN 2030 Agenda for Sustainable Development. Industrifonden and its portfolio companies primarily contribute to Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Innovation and Infrastructure) and Goal 17 (Partnerships for the Goals).

Financial overview

Industrifonden engages in high risk ventures, which means that there can be considerable variation from year to year. Industrifonden reports its investments at the amount invested or estimated fair value, whichever is lower. Because of this, follow-up and comparisons between individual years may not always provide a faithful representation of developments.

Industrifonden's increased focus on realizing the value potential of its investments has had a positive impact on both returns and cash flows which, in turn has led to healthy growth in equity over the last few years. Industrifonden has also maintained a relatively steady and high investment level, with a high share of private co-financing.

KPIs for the last five financial years

SEK m	2017 -18	2016 -17	2015 -16	2014 -15	2013 -14	Annual average
Net profit (loss) for the year	76	207	105	225	227	168
Cash flow, excl. investments	304	373	352	732	521	456
Investments	-347	-575	-327	-450	-488	-437
Co-financing	2,163	2,578	725	857	600	1,385
Balance sheet total	4,417	4,319	4,106	4,011	3,758	4,122
Solvency ¹⁾	98.7%	99.2%	99.3%	99.0%	99.7%	99.2%
Cash flow for the year	-43	-202	25	281	33	19
Equity	4,359	4,283	4,076	3,971	3,746	4,087
Return on equity ²⁾	1.8%	5.0%	2.6%	5.8%	6.2%	4.3%
5-year government bond yield	0.0%	-0.2%	0.0%	0.3%	1.6%	0.3%
Invested capital/balance sheet total	52.8%	50.9%	43.3%	42.7%	46.2%	47.2%
Shared costs ³⁾	67	92	86	110	91	89
Shared costs/total assets	1.5%	2.1%	2.1%	2.7%	2.4%	2.2%
Average number of employees	21	22	23	28	30	25

1) Calculated as equity in relation to the balance sheet total.

2) Calculated as net profit (loss) for the year in relation to average equity.

3) Consists of personnel costs and other external costs.

Industrifonden's financial position at the end of the financial year was good, particularly thanks to profitable divestments that occurred during the 2013/14 through 2017/18 financial years.

The goal for a return on equity that exceeds the 5-year government bond yield over the five-year period has been achieved. The goal that shared costs (personnel costs and other external costs) shall not exceed 2.5 percent of total assets was achieved for the financial year, which, in part, is attributable to organizational adaptations that have been implemented. The goal that between 50 and 60 percent of equity shall be invested in companies was also achieved.

Net profit (loss) for the year

Net profit for the year amounted to SEK 76 (207) million, which corresponds to a return on equity of 1.8 (5.0) percent. It consists of the profit from investing activities of SEK 114 (211) million along with shared costs of SEK -67 (-92) million, together the operating profit, and the profit generated from management of liquid assets of SEK 30 (88) million.

The lower operating profit, SEK 46 (119) million, compared to last year is primarily due to the fact that realized gains on divested shares from investment activities were lower than last year and realized losses were higher.

The profit from management of liquid assets, which is realized profit, fell to SEK 30 (88) million.

As of the closing date, equity amounted to SEK 4,359 (4,283) million.

Investing activities

Profit for the year from investing activities amounted to SEK 114 (211) million. Revenue amounted to SEK 197 (265) million and it was primarily derived from realized gains from the divestment of shares in SaltX Technology Holding AB, Soundtrap AB and Spotify Technology SA. Value adjustments and realized losses increased and amounted to SEK -83 (-53) million.

During the financial year, Industrifonden invested a total of SEK 346 (573) million, not including capitalized acquisition costs of SEK 1 (2) million, of which SEK 45 (145) million was investments in three new companies and SEK 301 (428) million was follow-up investments in prior holdings.

In the investments where Industrifonden participated with SEK 346 (573) million, an additional SEK 2,163 (2,578) million was attracted from private co-financiers.

At the end of the financial year, the carrying amount of Industrifonden's shares and loan receivables that are part of investing activities amounted to SEK 2,333 (2,186) million, which corresponds to 53 (51) percent of Industrifonden's equity. As of the closing date, Industrifonden was directly involved in 53 (57) portfolio companies, of which 7 (8) were listed on a stock exchange, 2 (1) on OMX Mid Cap, 2 (1) on OMX Small Cap and 3 (5) on First North.

Management of liquid assets

A working committee for the board is responsible that management of liquid asset are in accordance with instructions issued by the board. The investment portfolio consists of holdings in mutual funds and fixed income funds.

The board has decided that at least 70 percent of its liquid assets shall be invested in interest-bearing securities from issuers in EU or OECD countries. Furthermore, 30 percent of liquid assets may be invested in shares and 20 percent in hedge funds. Investments may only be made in SEK, or in another currency that is hedged to SEK.

Profit for the year from management of liquid assets amounted to SEK 30 (88) million. Surplus value (the difference between market value and cost of acquisition) amounted to SEK 20 (20) million.

The invested liquid assets, including surplus, generated a return during the year of 1.6 (3.1) percent. The return on interest-bearing securities amounted to 0.2 (1.5) percent and the return on shares was 7.1 (19.7) percent.

At the end of the financial year, Industrifonden's liquid assets, which consist of cash and bank balances, along with marketable securities, amounted to SEK 2,070 (2,113) MSEK, which corresponds to 47 (49) percent of equity.

Cash flow and liquidity

The cash flow generated during the year amounted to SEK -43 (-202) million.

Investing activities, including shared costs, contributed SEK -73 (-290) million, which consists of operating income for SEK 11 (-51) MSEK, sold shares and repayment of other financial assets for SEK 268 (336) million and investments in shares and other financial assets for SEK -352 (-575) million. Management of liquid assets generated a cash flow during the year of SEK 30 (88) million.

Financial position

Equity increased to SEK 4,359 (4,283) million. Of the total assets of SEK 4,417 (4,319) million, SEK 2,011 (2,076) million was marketable securities and SEK 59 (37) million was cash and bank balances. With this composition, Industrifonden's liquidity for making investments is good.

The work of the board of directors

During the 2017/2018 financial year, Industrifonden had between 7-8 directors serving on its board. On 7 September 2017, the Swedish Government dismissed Katarina Green from the board and appointed Daniel Kristiansson to serve on the board for the period 7 September 2017 – 31 October 2018. The Swedish Government appointed the following individuals to serve on the board for Stiftelsen Industrifonden during the period 1 November 2017 – 31 October 2018: Charlotte Brogren Karlberg (chairman), Lars Gatenbeck (vice chairman), Åsa Hedin, Samir Kamal, Christer Nilsson, Bo Normark and Mernosh Saatchi. The Swedish Government dismissed Samir Kamal from the board on 25 January 2018.

Nine board meetings were held during the financial year, of which four were ordinary meetings and five were special meetings of the investment committee, in conjunction with investment decisions. In addition to the Executive Director, other employees participate as needed in presentations of matters that are relevant to the board. Industrifonden's auditors participated when the audit plan and annual report were presented to the board.

The work done by the board is governed by rules of procedure that state the boundaries for the Executive Director's decision mandate. It also contains guidelines for the committee that is responsible for Industrifonden's management of liquid assets and for the remuneration committee, which deals remuneration issues on behalf of the board.

The board of directors has decided that, where applicable, Industrifonden should comply with the Swedish Code of Corporate Governance.

Governance report

According to the Swedish Code of Corporate Governance, listed companies must issue a governance report. The Code shall be used as a benchmark for what is considered to be common practice also for other companies and organizations. Industrifonden, a foundation, was set up by the state to promote industrial growth and renewal in Sweden. However, it is independent in its relationship to the Swedish Government. This is explained in more detail in Note 5.

The board of directors is appointed by the Swedish Government, which also appoints the chairman of the board. The board of directors appoints the vice chairman. The board of directors has full responsibility for operations and, to the extent that the board's work is not regulated by law, it is regulated by rules of procedure that are established by the board each year.

Fees and other remuneration to members of the board of directors are decided by the Swedish Government. Fees are paid for participation in committee work and other work. The board of directors decides on remuneration to the Executive Director, along with the system of variable remuneration to employees. Remuneration is explained in more detail in Note 4.

The corporate governance report is available on Industrifonden's website.

Internal control

The board of directors has ultimate responsibility for Industrifonden's internal controls. Internal control is a collective term for activities and audits performed within the organization to ensure that it is run in accordance with laws, regulations, policies and instructions that apply to the organization. The board of directors has not set up a special audit committee. Instead, the board of directors as a whole deals with such matters.

The Executive Director is responsible for monitoring the organization's control environment and critical processes for: ensuring that operations are in line with the intended purpose, compliance with regulations and financial reporting.

Risks and uncertainties

Industrifonden's mandate is to, on commercial terms, finance development and expansion in small and medium-sized companies. There are many different forms of risk and a high level of uncertainty associated with Industrifonden's operations.

The primary actions taken to limit the risks associated with investing activities are:

- No single investment may exceed 5 percent of total assets
- Striving for a well-diversified portfolio across sectors and investment years
- Striving for high-quality owner consortiums
- Being an active owner in each portfolio company

The management of liquid assets involves a risk of value changes in financial instruments, which are primarily fluctuations in share prices and interest rates, along with specific credit risks.

There are also risks associated with non-compliance with regulations, laws and contractual obligations. Risks also exist in the areas of IT, management of confidential information and reputation-related risks. They are managed via rules of procedure and internal controls.

Future development

Industrifonden's operations are focused on achieving healthy value growth in the portfolio companies where Industrifonden is a part-owner, along with making new investments and follow-up investments in priority areas.

Because Industrifonden has a strong balance sheet and good liquidity, plans are to maintain a high rate of new investment in the coming years. Industrifonden strives to continually develop and strengthen its collaboration with public and private financiers (including international partners), always with the aim of attracting more capital to Industrifonden's portfolio companies.

Industrifonden strives to achieve its long-term mandate via continual development efforts, maintaining a high rate of investment, focusing on value development in existing investments and generating a cash flow from them.

Over time, the portfolio companies will be divested, which will gradually make additional resources available to Industrifonden for new investments.

INCOME STATEMENT

(Amounts in SEK thousand)

	Note	2017-07-01 2018-06-30	2016-07-01 2017-06-30
Operating income			
Dividend		15,678	14,768
Capital gains		136,762	242,529
Interest income		4,889	5,592
Royalty received		–	200
Other operating income	1	39,260	1,414
Total operating income		196,589	264,503
Operating expenses			
Value adjustments	2,3,9	18,928	-6,862
Capital losses		-101,815	-46,588
Personnel costs	4	-46,093	-64,145
Other external costs	6	-20,604	-28,132
Depreciation and impairment of property, plant and equipment	8	-763	-244
Total operating costs		-150,347	-145,971
OPERATING PROFIT (LOSS)		46,242	118,532
Profit (loss) from financial investments			
Profit (loss) from management of liquid assets	7	29,988	88,482
Profit (loss) from financial investments		29,988	88,482
Profit (loss) after financial items		76,230	207,014
NET PROFIT (LOSS) FOR THE YEAR		76,230	207,014

BALANCE SHEET

(Amounts in SEK thousand)

ASSETS	Note	2018-06-30	2017-06-30
Fixed assets			
<i>Property, plant and equipment</i>			
Equipment	8	4,988	127
Total property, plant and equipment		4,988	127
<i>Financial assets</i>			
Shares and participations	2	2,270,803	2,073,982
Loan receivables	3	62,184	112,423
Other non-current receivables	9	1,000	12,192
Total financial assets		2,333,987	2,198,597
Total fixed assets		2,338,975	2,198,724
Current assets			
<i>Current receivables</i>			
Other receivables		3,452	3,704
Prepaid expenses and accrued income	10	4,846	3,579
Total current receivables		8,298	7,283
Marketable securities	11	2,011,129	2,075,902
Cash and bank balances		58,523	36,978
Total current assets		2,077,950	2,120,163
TOTAL ASSETS		4,416,925	4,318,887

BALANCE SHEET

(Amounts in SEK thousand)

EQUITY AND LIABILITIES	Note	2018-06-30	2017-06-30
Equity			
<i>Restricted equity</i>			
State funds received		1,603,265	1,603,265
Total restricted equity		1,603,265	1,603,265
<i>Non-restricted equity</i>			
Unappropriated earnings		2,679,333	2,472,319
Net profit (loss) for the year		76,230	207,014
Total non-restricted equity		2,755,563	2,679,333
Total equity		4,358,828	4,282,598
Liabilities			
<i>Current liabilities</i>			
Accounts payable		3,399	2,541
Other liabilities	12	40,883	934
Accrued expenses and deferred income	13	13,815	32,814
Total current liabilities		58,097	36,289
TOTAL EQUITY AND LIABILITIES		4,416,925	4,318,887

CASH FLOW STATEMENT

(Amounts in SEK thousand)

	Note	2017-07-01 2018-06-30	2016-07-01 2017-06-30
Operating activities			
Operating profit (loss)		46,242	118,532
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and impairment of property, plant and equipment		763	244
Dividend received		1,426	11,207
Interest received		-4,093	-4,931
Value adjustments on shares and participations		-31,826	6,888
Value adjustments on loan receivables and other non-current receivables		12,898	760
Realized profit from investing activities		-34,947	-191,440
Cash flow from operating activities before changes in working capital		-9,537	-58,740
Changes in working capital			
Decrease(+)/increase(-) in operating receivables		-1,015	968
Decrease(-)/increase(+) in operating liabilities		21,808	6,075
Cash flow from operating activities		11,256	-51,697
Investing activities			
Acquisition of property, plant and equipment		-5,645	-
Disposal of property, plant and equipment		19	-
Acquisition of shares in portfolio companies		-259,479	-443,659
Divestments of shares in portfolio companies		254,884	318,328
Acquisition of loan receivables and other non-current receivables		-87,313	-130,879
Received amortization payments from loan receivables and other non-current receivables		13,060	17,668
Cash flow from investing activities		-84,472	-238,542
Management of liquid assets		29,988	88,482
Cash flow from management of liquid assets		29,988	88,482
Cash flow for the year		-43,228	-201,757
Liquid assets at the beginning of the year		2,112,880	2,314,637
Liquid assets at year-end		2,069,652	2,112,880

CHANGES IN EQUITY

(Amounts in SEK thousand)

	Restricted equity	Non-restricted equity		Total equity
	State funds received	Appropriated earnings	Net profit (loss) for the year	
Opening balance on 1 July 2016	1,603,265	2,367,268	105,051	4,075,584
Appropriation of prior year's profit (loss)		105,051	-105,051	0
Net profit (loss) for the year			207,014	207,014
Equity on 2017-06-30	1,603,265	2,472,319	207,014	4,282,598
Opening balance on 1 July 2017	1,603,265	2,472,319	207,014	4,282,598
Appropriation of prior year's profit (loss)		207,014	-207,014	0
Net profit (loss) for the year			76,230	76,230
Equity on 2018-06-30	1,603,265	2,679,333	76,230	4,358,828

SUPPLEMENTARY DISCLOSURES

All amounts are SEK thousand, unless otherwise stated.

General

Stiftelsen Industrifonden's financial year shall cover the period of time between 1 July and 30 June. Each year, no later than 1 October, the board of directors shall present the following items to the Swedish Government: annual report consisting of a Directors' report, income statement, balance sheet and cash flow statement prepared in accordance with the indirect method.

Accounting policies and valuation principles

Stiftelsen Industrifonden applies the Annual Accounts Act (1995:1554) and the K3 framework (BFNAR 2012:1 Annual accounting and consolidated reports).

Revenue

Revenue is recognized at the fair value of the consideration received or to be received, less VAT, discounts, returns and similar deductions.

Dividend revenue, royalties and capital gains are recognized when the owner's right to receive payment has been established.

Interest income is allocated over the maturity period applying the effective interest method. Effective interest is the interest rendering the present value of all future payments, incoming and outgoing, equal to the carrying amount of the receivable.

Profit (loss) from management of liquid assets

Included in "Profit from management of liquid assets" are the revenue and costs that are directly attributable to the net return from marketable securities. Interest income is accrued over time, while the return from dividends and similar income is recognized when the owner's right to receive payment has been established.

Remuneration to employees

Remuneration to employees in the form of salaries, variable remuneration, paid vacation, paid sick leave and similar items, as well as pensions, is reported as earned.

Pensions

Industrifonden's pension obligations as per the approved scheme are secured through insurance with Alecta, which is a defined benefit plan that covers several employers.

However, Industrifonden does not have access to the information required for being able to report this as a defined benefit plan, which is why it is instead reported as a defined contribution plan.

The Executive Director has a premium-based occupational pension benefit resulting from a commitment by Industrifonden that is stated in his employment contract. Industrifonden's commitment is to pay the premium to the selected insurer. If notice of termination occurs, the premium must also be paid during the period of notice.

For certain groups of employees, alternative pension solutions within the scope of the ITP plan are allowed. All such solutions are defined contribution plans secured by insurance with an insurance agency.

Income taxes

Industrifonden is tax-exempt, as per Chapter 7 Section 17 of the Income Tax Act (1999:1229).

Property, plant and equipment

The item 'Property, plant and equipment' consists of equipment that is reported at cost less accumulated depreciation and any impairment losses.

Cost consists of the purchase price along with costs directly attributable to the acquisition and for putting the equipment in the place and condition required for its use. Additional expenses are included in the cost amount of the asset, or reported as a separate asset, when the inflow of future economic benefits to Industrifonden is probable and when the cost/value of such can be measured reliably. All other costs for repairs and maintenance, along with additional expenses, are reported in profit or loss in the period that they arise.

If there are significant differences in how components of an item of property, plant and equipment are used, the asset will be divided up into those components.

Depreciation of items of property, plant and equipment are expensed such that the asset's cost, less any estimated residual value at the end of the asset's useful life, is depreciated on a straight-line basis over its estimated useful life. If an asset has been divided up into various components, each component is depreciated separately over its estimated useful life. Depreciation starts when the item of property, plant or equipment can be used. The useful life of items of property, plant and equipment is estimated at 3-5 years.

Estimated useful life and depreciation methods are tested to see if there are any indications that the expected use has significantly changed compared to the assessment that was made on the prior closing date. If Industrifonden changes its assessment of useful life, the asset's residual value will also be reexamined and reassessed. The effect of such changes is reported prospectively.

Financial assets

Shares and participations

Within the scope of its investing activities, Industrifonden holds shares and participations in companies and such holdings are long-term. Both listed and unlisted shares are thus reported as financial assets.

Shares and participations are reported as financial assets valued at cost. Impairment losses are recognized on an individual basis whenever it has been assessed that a steady decline in value has occurred.

Valuation of shares is on an individual basis. If new funding or a partial sale to an independent party has occurred, the valuation will be based on the transaction price. Special consideration is given to preference structures. Valuation of shares is done on a regular basis.

With a partial divestment of shares of the same type, which were purchased at different occasions and at different prices, the average cost basis method will be used to calculate cost.

When calculating net realizable value, consideration is given to any options issued and convertible debentures.

If an impairment has been recognized for a company, it may later be reversed if the value has risen. Reversal of impairment loss will never exceed the cost of acquisition.

Loan receivables

Loan financing consists of loan receivables and commitments such as convertible loans and loans that carry options to subscribe for new issues. Loan receivables are reported at amortized cost. Value adjustments include, besides bad debt expense, also claims against companies that have gone bankrupt, along with value adjustments for doubtful accounts.

Value adjustments for doubtful loan receivable accounts are made on a regular basis in accordance with assessment criteria that have been defined in Industrifonden's credit management policy.

Marketable securities

Investments in other securities associated with the management of liquid assets are reported as current assets in the item, "Marketable securities". The investments are regarded as a portfolio for fixed interest funds, hedge funds and mutual funds. Industrifonden has elected to use collective valuation for its marketable securities, since the purpose is to spread risk. Valuation is at the lower of cost or market.

Liquid assets

Liquid assets include cash and available balances held at banks and other credit institutions, along with marketable securities that can readily be converted to cash and for which there is a very low risk of value fluctuations. All items classified as liquid assets mature within three months or less of the acquisition date.

Capital in exchange for royalties

Capital that is paid out in exchange for royalties is capitalized. At each closing date, an individual assessment is made of the return for each royalty contract based on both actual and forecast payments. Royalties received during the year are recognized – in proportion to estimated profitability – partly as royalty revenue and partly as amortization on the reported asset.

Guarantees and surety commitments

Commitments are reported as contingent liabilities. Payment received for commitments and the costs associated with claims on commitments are reported in the income statement under the heading, Operating profit (loss).

Cash flow statement

The cash flow statement show changes in Stiftelsen Industrifonden's liquid assets during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions that involve actual payments (both incoming and outgoing).

Important estimates and assessments

Reported below are the most important assumptions about the future and other sources of uncertainty in estimates as of the closing date. They may involve a risk of needing to make substantial adjustments to the carrying amounts of assets and liabilities during the next financial year.

Valuation of shares and participations within the scope of investing activities

Industrifonden invests in the early, high-risk, capital-intensive stages of young companies. The holding period is typically long. Shareholdings are valued at cost. However, an impairment loss will be recognized if it has been assessed that a lasting decline in value has occurred. A reversal of prior impairment losses (to at most the cost of acquisition) will be made if it has been assessed that the value has risen. The value of each individual holding is assessed on a regular basis. Several factors are considered when assessing value, such as how the company has developed, the competitive situation, market situation and financing opportunities. Primary consideration is given to whether relevant financing, or an arm's length transaction, has occurred for shares in the portfolio company.

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 1 Other operating income

	2017/2018	2016/2017
Payment received from bankruptcy	33,985	–
Payment received from legal dispute	4,902	–
Other	373	1,414
TOTAL OTHER OPERATING INCOME	39,260	1,414

Note 2 Shares and participations

	2018-06-30	2017-06-30
Opening cost	2,572,355	2,260,193
Acquisition of shares and participations for the year	259,479	464,248
Conversion of loans to shares	135,405	142,795
Disposals for the year	-248,848	-294,881
Closing accumulated cost	2,718,391	2,572,355
Opening value adjustments	-498,373	-619,869
Disposals for the year	18,959	130,478
Loan conversions	–	-2,094
Value adjustments for the year	31,826	-6,888
Closing accumulated value adjustments	-447,588	-498,373
CLOSING CARRYING AMOUNT	2,270,803	2,073,982

NOTES

All amounts are SEK thousand, unless otherwise stated.

Continued Note 2	Carrying amount				
	Company name, Corporate Identity Number (CIN)	Share of equity %	Share of voting power %	Number of shares	2018-06-30
AB avtal24, 556669-0102	20.29	20.29	5,957	6,549	4,913
Actiwave AB, 556746-0893	23.43	23.43	1,350	20	20
Adfenix AB, 556951-2451	10.90	10.90	358,952	19,769	–
Airec AB, 556585-2547	20.90	20.90	1,923	13,574	13,573
Airsonett Holding AB, 556874-1739	33.14	33.14	7,374,259	59,424	56,642
Amra Medical AB, 556804-3227	30.47	30.47	77,502	40,018	31,692
Anyfi Networks AB, 556689-6899	11.81	11.81	580	1	1
Apica AB, 556676-4121	27.69	27.69	27,702,160	75,356	66,656
Athera Biotechnologies AB, 556620-6859	36.77	36.77	2,027,630	31,973	31,973
Avidicare Holding AB, 556894-3947	39.69	39.69	5,929,271	36,677	31,677
Barnebys Group AB, 556839-6062	27.53	27.53	88,890	49,342	45,342
BoMill AB, 556556-4332	26.99	26.99	3,142	29,568	22,991
Bonesupport Holding AB (publ), 556802-2171	9.42	9.42	4,787,806	53,863	78,203
Burt AB, 556781-4537	1.92	1.92	99,404	1,500	300
Calliditas Therapeutics AB (publ), 556659-9766	23.27	23.27	7,732,538	205,720	109,224
DPOrganizer AB, 559018-1730	13.30	13.30	106,712	15,000	–
eBuilder AB, 556636-9640	15.06	15.06	1,817,541	27,269	27,269
Fast Travel Games AB, 559055-6865	16.74	16.74	9,276	10,000	–
FishBrain AB, 556796-5370	12.66	12.66	153,049	29,872	23,265
Flexenclosure AB (publ), 556708-2028	2.71	2.71	856,585	4,000	11,053
Footway Group AB (publ), 556818-4047	16.51	15.01	10,507,141	57,437	57,437
Funnel AB, 556731-9248	20.56	20.56	39,780,838	32,869	20,369
Fyndiq AB, 556792-1712	14.09	14.09	538,016	17,100	34,202
Glionova AB, 556973-5680	12.28	12.28	18,294	1,000	1,000
Havre Global AB, 559081-1989	5.93	5.93	716,643	36,846	21,368
Heliospectra AB (publ), 556695-2205	–	–	–	–	10,842
Hövding Sverige AB (publ), 556708-0303	–	–	–	–	12,480
InDex Pharmaceuticals Holding AB (publ), 559067-6820	20.63	20.63	12,900,272	84,497	62,953
inriver AB, 556650-5573	14.78	14.78	5,674,795	35,743	32,886
Itrim Holding AB, 556730-4398	13.62	13.62	7,562	6,000	12,000
Jensen Devices AB, 556605-9522	–	–	–	–	999
Keybroker Group AB, 556683-3579	15.45	15.45	421,739	4,688	0
KTH-Chalmers Capital KB, 969716-9408	39.40	39.40	1,500,000	36,396	25,239
Medtentia International Ltd OY, 2262355-9	38.41	38.41	891,268	96,576	81,577
Meniga Ltd, 8822710	10.05	10.05	12,280	38,204	38,204
Micvac AB, 556578-8501	30.70	30.70	180,803	29,935	27,131
Nextory AB, 556708-4149	26.04	26.04	2,766	37,597	22,997
Now Interact Nordic AB, 556800-7370	19.22	19.22	5,725,879	23,400	19,049
Nuevolution AB (publ), 559026-4304	18.17	18.17	8,997,908	116,228	109,197
Oncopeptides AB (publ), 556596-6438	26.54	26.54	11,620,805	174,942	174,942
OP5 AB, 556582-9131	12.12	12.12	663,818	8,347	8,347
OxThera AB, 556681-5667	12.45	12.45	19,875,526	79,581	74,948
poLight AS, 988862703	13.79	13.79	747,652,565	70,298	70,298
Powerbox International AB, 556170-1821	–	–	–	–	26,711
Qapital Insight AB, 556903-1338	13.13	13.13	583,232	69,594	38,494
Q-Fog i Nora AB, 556756-0791	–	–	–	–	1,400
SaltX Technology Holding AB (publ), 556917-6596	23.75	23.75	12,927,361	119,238	117,876

NOTES

All amounts are SEK thousand, unless otherwise stated.

Continued Note 2				Carrying amount	
	Company name, Corporate Identity Number (CIN)	Share of equity %	Share of voting power %	Number of shares	2018-06-30
Scalado AB, 556594-6885	12.82	12.82	2,262,889	1	1
ScandiNova Systems AB, 556616-3605	45.12	45.12	468,600	53,556	48,541
Smartfish AS, 983032958	29.84	29.84	5,415,394	66,582	61,448
Sol Voltaics AB, 556751-6116	17.73	17.73	18,283,190	71,473	60,223
Soundtrack Your Brand Sweden AB, 556922-0014	14.57	14.57	54,009	92,561	76,500
Soundtrap AB, 556879-1437	–	–	–	–	29,999
Starcounter AB, 556588-3278	16.74	16.74	923,300	25,000	10,000
Storegate AB, 556623-6179	21.21	21.21	1,010	6,400	5,767
SunCool AB, 556543-7570	–	–	–	–	11,603
Trialbee AB, 556814-3019	41.76	41.76	101,695	53,369	36,644
Umecrine AB, 556582-0684	8.65	8.65	906,150	100	100
Widespace AB, 556725-7810	20.43	20.43	10,132,025	1	58,645
Zaplox AB (publ), 556816-4460	13.32	13.32	2,124,526	11,281	12,832
Total active companies				2,266,335	2,070,043
Non-active companies				–	2
Capitalized acquisition costs				4,468	3,937
TOTAL SHARES AND PARTICIPATIONS, CARRYING AMOUNT				2,270,803	2,073,982

Specification of capitalized acquisition costs	Carrying amount	
	2018-06-30	2017-06-30
Adfenix AB, 556951-2451	368	–
Amra Medical AB, 556804-3227	137	137
Apica AB, 556676-4121	54	54
Athera Biotechnologies AB, 556620-6859	18	18
Calliditas Therapeutics AB (publ), 556659-9766	58	58
DPOrganizer AB, 559018-1730	222	–
Fast Travel Games AB, 559055-6865	38	–
FishBrain AB, 556796-5370	22	–
Funnel AB, 556731-9248	13	–
Fyndiq AB, 556792-1712	255	255
Glionova AB, 556973-5680	–	101
Medtentia International Ltd OY, 2262355-9	145	145
Meniga Ltd, 8822710	405	405
Nextory AB, 556708-4149	319	319
Now Interact Nordic AB, 556800-7370	182	182
Nuevolution AB (publ), 559026-4304	260	240
Oncopeptides AB (publ), 556596-6438	43	43
poLight AS, 988862703	541	541
Qapital Insight AB, 556903-1338	277	162
Soundtrap AB, 556879-1437	–	184
Soundtrack Your Brand Sweden AB, 556922-0014	669	651
Starcounter AB, 556588-3278	322	322
Widespace AB, 556725-7810	120	120
Total capitalized acquisition costs	4,468	3,937

Continued Note 2

Information on profit (loss) for the year and equity as reported in each company's most recent annual report, for companies where Industrifonden's share of equity exceeds 20 percent.

Company name	Corporate identity number	Registered office	Net profit (loss) for the year	Equity
AB avtal24	556669-0102	Stockholm	7,855	19,659
Activave AB	556746-0893	Solna	2,540	6,208
Airec AB	556585-2547	Malmö	-3,692	16,815
Airsonett Holding AB	556874-1739	Ängelholm	-21,838	73,214
Amra Medical AB	556804-3227	Linköping	-28,777	15,179
Apica AB	556676-4121	Stockholm	-46,872	87,236
Athera Biotechnologies AB	556620-6859	Stockholm	-41,025	26,100
Avidicare Holding AB	556894-3947	Lund	47,924	5,430
Barnebys Group AB	556839-6062	Stockholm	-19,865	48,770
BoMill AB	556556-4332	Malmö	-15,294	13,633
Calliditas Therapeutics AB (publ)	556659-9766	Stockholm	-86,848	36,231
Funnel AB	556731-9248	Stockholm	-752	110,625
InDex Pharmaceuticals Holding AB (publ)	556704-5140	Stockholm	-125	293
KTH-Chalmers Capital KB	969716-9408	Stockholm	67,657	71,319
Medtentia International Ltd OY	2262355-9	Espoo, Finland	-34,465	27,018
Micvac AB	556578-8501	Mölnadal	-820	8,171
Nextory AB	556708-4149	Stockholm	-27,572	8,195
Oncopeptides AB (publ)	556596-6438	Stockholm	-247,612	418,005
SaltX Technology Holding AB (publ)	556917-6596	Stockholm	-2,019	222,162
ScandiNova Systems AB	556616-3605	Uppsala	-6,210	69,571
Smartfish AS	983032958	Oslo, Norway	-28,399	12,240
Storegate AB	556623-6179	Karlshamn	-3,320	6,638
Trialbee AB	556814-3019	Malmö	-20,067	15,681
Widesspace AB	556725-7810	Stockholm	-121,478	-28,856

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 3 Loan receivables

	2018-06-30	2017-06-30
Opening cost	124,916	146,672
New loans for the year	91,407	137,059
Loan amortization for the year	-3,107	-7,128
Loan conversions to shares for the year	-135,405	-142,794
Written-off loans for the year	-9,001	-8,893
Closing cost	68,810	124,916
Opening value adjustments	-12,493	-23,479
Amortization, retired loans	-	8,892
Conversions	-	2,094
Value adjustments for the year	5,867	-
Closing value adjustments	-6,626	-12,493
CLOSING CARRYING AMOUNT	62,184	112,423

Note 4 Employees

	2017/2018		2016/2017	
Average number of employees	Average number employees	Of which number of men	Average number employees	Of which number of men
Stockholm	21	12	22	13
TOTAL AVERAGE NUMBER OF EMPLOYEES	21	12	22	13

Break-down for senior executives as of the closing date

Board members	7	4	7	5
Senior executive – Executive Director	1	1	1	1

	2017/2018		2016/2017	
	Salaries and other remuneration	Social security contributions (of which pension costs)	Salaries and other remuneration	Social security contributions (of which pension costs)
Board fees	424	133	369	116
Committee fees	441	139	190	59
Senior executive – Executive Director	3,582	2,151	3,695	2,461
Other employees	31,985	19,281	33,321	20,288
TOTAL SALARIES, SOCIAL SECURITY CONTRIBUTIONS AND PENSIONS	36,432	21,704	37,575	22,924
of which pensions for senior executives ¹⁾		(1,026)		(1,300)
of which pension for other employees		(9,517)		(10,814)

Invoiced fee ¹⁾	2017/2018	2016/2017
Board fees	57	171
Committee fees	46	92
TOTAL INVOICED FEES	103	263

1) Through 31 October 2017, members of the board of directors or committee members could choose to issue an invoice, rather than receiving their fee as salary, provided that the amount was cost-neutral for Industrifonden. This option was no longer available as of 1 November 2017 due to a change in legislation.

NOTES

All amounts are SEK thousand, unless otherwise stated.

Continued Note 4

Fees are paid to the chairman of the board and board members in accordance with decisions by the Swedish government. The board of directors decides on remuneration to members serving on a committee. Remuneration to the Executive Director is decided by the board. Remuneration to senior executives reporting to the Executive Director is decided by the Executive Director, who has first consulted with the board's remuneration committee.

Board members, senior executives and other employees have not received any other remuneration besides what has been specified above.

All employees, except for the Executive Director (who is a senior executive as per the board's definition), have a salary with both fixed and variable components. The criteria for the variable portion of salary is decided each year by the board of directors, based on a proposal by the Executive Director. The board of directors also approves the results.

The maximum allowable variable salary is 20% of basic salary and it serves as an important incentive for achieving Industrifonden's most important goals.

The Executive Director's remuneration for the financial year amounted to SEK 3,582 (3,695) thousand. Anders Slettengren was the Executive Director of Industrifonden until 31 March 2018. During the period 1 April 2018 until 19 June 2018, Industrifonden's CFO, Tomas Nygren, served as the acting Executive Director. David Sonnek took over as the new Executive Director for Industrifonden on 20 June 2018.

Of Industrifonden's total pension costs, SEK 1,026 (1,300) thousand was for the Executive Director. Other remuneration to the Executive Director includes a company car for SEK 47 (52) thousand, which is included in the amount stated above.

The Executive Director has pension insurance in addition to the pension benefits as per the National Insurance Act. The cost of this extra insurance equals 30 percent of salary. For notice of termination, both Industrifonden and the Executive Director must give six (6) months' notice. In addition to remuneration during the notice period, the Executive Director is entitled to severance pay equal to fifteen (15) months' salary.

Note 5 Disclosure on related party transactions

Industrifonden's board of directors is appointed by the Swedish Government. All board members are independent in their relationship to Industrifonden and its management team. Industrifonden collaborates with several other government and public organizations given its mandate and the specific role it has in industrial politics.

Industrifonden's balance sheet shows how portfolio companies have been funded. Industrifonden receives interest and/or royalties from portfolio companies on loan receivables and this is detailed in the income statement. All transactions with portfolio companies are on market terms.

Note 6 Disclosure on remuneration to the auditor

	2017/2018	2016/2017
Deloitte AB		
Audit assignment	643	622
Other services	583	37
TOTAL	1,226	659

Remuneration for the audit assignment pertains to the statutory audit. This work includes audit of the annual report and accounting records, the administration of the board of directors and Executive Director, along with remuneration for audit advice that was provided in conjunction with the audit assignment.

Accounting issues fall into the category of other services.

Note 7 Profit (loss) from management of liquid assets

	2017/2018	2016/2017
Mutual funds	14,802	70,672
Interest-bearing securities	15,186	17,810
PROFIT (LOSS) FROM MANAGEMENT OF LIQUID ASSETS	29,988	88,482

Profit or loss from mutual funds and interest-bearing securities are attributable to capital gains.

The composition of marketable securities and their carrying amounts are presented in Note 11.

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 8 Equipment

	2018-06-30	2017-06-30
Opening cost	4,475	5,872
Purchases	5,645	–
Disposals/retirements	-3,959	-1,397
Closing accumulated cost	6,161	4,475
Opening depreciation	-4,348	-5,498
Disposals/retirements	3,938	1,394
Depreciation according to plan for the year	-763	-244
Closing accumulated depreciation	-1,173	-4,348
CLOSING RESIDUAL VALUE	4,988	127

Note 9 Other non-current receivables

	2018-06-30	2017-06-30
Carrying amount at beginning of the year	12,192	12,398
New receivables for the year	1,663	–
Retired receivables for the year	-157	–
Amortization for the year	-1,663	-206
Value adjustments for the year	-11,035	–
CLOSING CARRYING AMOUNT	1,000	12,192

Note 10 Prepaid expenses and accrued income

	2018-06-30	2017-06-30
Accrued revenue: Management of liquid assets	1,893	2,132
Prepaid rents	1,215	480
Prepaid licenses	870	238
Prepaid insurance	722	691
Other prepaid expenses	146	38
TOTAL	4,846	3,579

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 11 Marketable securities

	Cost	Market value	Carrying amount 2018-06-30	Carrying amount 2017-06-30
Interest-bearing securities				
Interest-bearing	1,598,920	1,601,593	1,598,920	1,501,287
Hedge funds	–	–	–	302,250
Total interest-bearing securities	1,598,920	1,601,593	1,598,920	1,803,537
Mutual funds				
Swedish mutual funds	236,979	231,627	236,979	171,500
Global mutual funds	175,230	197,871	175,230	100,865
Total mutual funds	412,209	429,498	412,209	272,365
TOTAL MARKETABLE SECURITIES	2,011,129	2,031,091	2,011,129	2,075,902

Industrifonden uses collective valuation for its mutual fund investments and marketable securities, since the purpose is to spread risk. Accordingly, if a specific investment declines in value, it does not necessarily mean that there will be a write-down of the carrying amount. A write-down is not necessary, provided that the carrying amount of the portfolio as a whole does not exceed the market value or fall below the cost of acquisition. If valuation were instead to be item by item, it would have a negative impact on earnings of SEK –9.4 (–2.7) million.

Note 12 Other liabilities

	2018-06-30	2017-06-30
Cash for new issue in portfolio company	40,000	–
Other	883	934
TOTAL	40,883	934

Note 13 Accrued expenses and deferred income

	2018-06-30	2017-06-30
Accrued personnel costs	6,796	20,683
Accrued lawyer fees	1,128	2,693
Accrued consultant fees	3,000	123
Accrued audit fees	391	465
Other accrued expenses	2,500	8,850
TOTAL	13,815	32,814

Note 14 Contingent assets, contingent liabilities and pledged assets

	2018-06-30	2017-06-30
Pledged assets	None	None
Contingent liabilities	None	None
Pledged assets	None	None

SIGNATURES

Stockholm, 20 September 2018

Charlotte Brogren Karlberg
Chairman of the Board

Lars Gatenbeck

Åsa Hedin

Daniel Kristiansson

Christer Nilsson

Bo Normark

Mernosh Saatchi

David Sonnek
Executive Director

Our audit was submitted on 27 September 2018

Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

Daniel Wassberg
Authorized Public Accountant

AUDIT REPORT

To the Board of Directors for Industrifonden
CIN: 802009-0083

Report on the annual report

Opinion

We have conducted an audit of the annual report for Stiftelsen Industrifonden for the financial year 2017-07-01 – 2018-06-30.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and in all material respects, gives a true and fair view of Stiftelsen Industrifonden's financial position as at 30 June 2018 and of its financial performance and cash flow for the year in accordance with the Annual Accounts Act. The Directors' Report is consistent with the other parts of the annual report.

Basis for the opinions

We conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing practices in Sweden. Our responsibility as per these standards is described in the section, Auditor's responsibility. We are independent of Stiftelsen Industrifonden in accordance with the auditor's oath in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinions.

The Board of Directors' and Executive Director's responsibility

The Board of Directors and Executive Director are responsible for an annual report that provides a true and fair view in accordance with the Annual Accounts Act. The Board of Directors and Executive Director are also responsible for any internal control they deem necessary for preparing an annual report that is free from material misstatement, whether due to fraud or error.

In preparing the annual report, the Board of Directors and Executive Director are responsible for assessing the ability of Stiftelsen Industrifonden to continue operations. They must disclose, when applicable, any circumstances that may affect the ability to continue operations and apply the assumption of continued operations. However, the assumption of continued operations is not applied if the Board of Directors and Executive Director intend to liquidate Stiftelsen Industrifonden, cease operations, or if they have no realistic alternatives than either of these two options.

Auditor's responsibility

Our goal is to achieve a reasonable degree of assurance about whether the annual report as a whole is free from material misstatement, whether due to fraud or error, and to submit an audit report containing our opinions.

Reasonable assurance is a high degree of assurance. However, it does not guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Errors may occur due to fraud or error, and they are deemed material if, individually or together they can reasonably be expected to influence the economic decisions that users make based on the annual report.

As part of an audit in accordance with ISA, we use professional judgment and apply professional skepticism throughout the entire audit. In addition:

- we identify and assess the risks of material misstatement in the annual report, whether due to fraud or error, design and perform audit procedures including on the basis of these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement due to error because fraud may involve acting in collusion, forgery, deliberate omissions, misinformation or failure of internal controls.
- we obtain an understanding of the part of Stiftelsen Industrifonden's internal controls that is important to our audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of internal control.
- we evaluate the appropriateness of the accounting policies that have been applied and the reasonableness of the Board of Directors' accounting estimates and related disclosures.
- we draw a conclusion on the appropriateness of the Board of Directors using the going concern assumption in preparing the annual report. We also draw a conclusion, on the basis of the acquired audit evidence, on whether there is any significant uncertainty concerning events or conditions that may lead to significant doubt about the Stiftelsen Industrifonden's ability to continue operations. If we conclude that there is a substantial element of uncertainty, we must in the auditor's report draw attention to the information in the annual report on the essential element of uncertainty, or, if such information is insufficient, modify our opinion on the annual report. Our conclusions are based on the audit evidence gathered up until the date of the audit report. However, future events or circumstances could arise such that Stiftelsen Industrifonden is no longer able to continue operations.
- we evaluate the overall presentation, structure and content of the annual report, including disclosures, and whether the annual report reflects the underlying transactions and events in a way that gives a true and fair view.

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

Report on other requirements in accordance with laws and other regulations

Opinion

In addition to our audit of the annual report, we have also performed an audit of the Board of Directors' and the Executive Director's administration of Stiftelsen Industrifonden for the financial year 2017-07-01 – 2018-06-30.

In our opinion, none of the members of the Board of Directors nor the Executive Director have acted in contravention of the Foundation Act (in Swedish, Stiftelselagen), the Foundation Regulation (in Swedish, Stiftelseförordnandet) or the Annual Accounts Act.

We recommend that the members of the Board of Directors and the Executive Director are discharged from liability for the financial year.

Basis for the opinion

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility as per these standards is described in the section, Auditor's responsibility. We are independent of Stiftelsen Industrifonden in accordance with the auditor's oath in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

The Board of Directors' and Executive Director's responsibility

The Board of Directors and Executive Director are responsible for administration of Stiftelsen Industrifonden that is in accordance with the Foundation Act (in Swedish, Stiftelselagen) and the Foundation Regulation (in Swedish, Stiftelseförordnandet).

Auditor's responsibility

Our goal regarding the audit of the administration, and therefore our opinion, is to obtain audit evidence that with a reasonable degree of certainty enables us to determine whether any Board member or the Executive Director in any material respect:

- has undertaken any action or been guilty of any omission, which could give rise to liability to Stiftelsen Industrifonden, or if there are grounds for dismissal, or
- in any other way have acted in contravention of the Foundation Act (in Swedish, Stiftelselagen), the Foundation Regulation (in Swedish, Stiftelseförordnandet) or the Annual Accounts Act.

Reasonable assurance is a high degree of assurance. However, it does not guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions which could give rise to liability to Stiftelsen Industrifonden.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we use professional judgment and apply professional skepticism throughout the entire audit. Audit of the administration is primarily based on the audit of the financial statements. We decide which additional audit procedures to perform based on our professional assessment and on the basis of risk and materiality. This means that we focus the audit on the actions, areas and circumstances that are material to Stiftelsen Industrifonden and where deviations and contravention could have a significant impact on Stiftelsen Industrifonden's situation. We review and test decisions that have been made, supporting documentation for decisions, actions taken and other circumstances that are relevant to our opinion.

Stockholm, 27 September 2018

Jonas Ståhlberg
Authorized Public Accountant

Daniel Wassberg
Authorized Public Accountant

ADDRESSES

STOCKHOLM

Stiftelsen Industrifonden
Box 1163
111 91 Stockholm

Street address:

Vasagatan 11
111 20 Stockholm
Phone: +46 (0)8-587 919 00