



Extracts from the

ANNUAL REPORT

FOR STIFTELSEN INDUSTRIFONDEN

CIN: 802009-0083

Registered office: Stockholm

2021-22



Industrifonden

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 2021 – 30 June 2022, which is Industrifonden's 43rd 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 via investments in Swedish growth companies or companies with a Swedish connection. Our investments are always on commercial terms. We prioritize investments in companies that are in the early phases of expansion, where there is high risk, and with focus on the following areas: Deep Tech, Transformative Tech and Life Science. Industrifonden is an active, long-term minority investor that offers capital, expertise and networks. For its investment activities, Industrifonden collaborates with entrepreneurs and other investors. The overriding aim is to create value and generate returns.

The Board has established goals for the business that are beneficial to society by stimulating innovation, growth and sustainable development. Industrifonden's mandate is to:

- 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 starting point for Industrifonden's investment activities is to achieve financial goals that generate benefits to society. The financial goals established by the Board are summarized below.

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

Industrifonden is a fund that reinvests its realized gains in new investments.

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

Important events during the financial year

In total, Industrifonden invested SEK 445 (345) million, of which SEK 161 (158) million was investments in eight (seven) new companies; Asgard Therapeutics AB, Cascade Drives AB, Limina AB, Hopsworks AB (Logical Clocks AB), Nordic Communications Group AB, Peafowl Plasmonics AB, Swin Technologies AB and ZeroPoint Technologies AB and SEK 284 (186) million was follow-up investments in companies where Industrifonden has previously invested.

All shares in the following companies were divested during the financial year: BoMill AB, Bonesupport Holding AB, Formulate AB, Qapital Insight AB and Storegate AB. A portion of Industrifonden's holdings in Calliditas Therapeutics AB and Oatly Group AB were also divested.

Capital gains and dividends amounted to SEK 307 (569) million. Value adjustments and capital losses amounted to SEK –221 (–201) million.

Industrifonden's portfolio company, Freemelt Holding AB, became listed on the Nasdaq First North Growth Market in July 2021.

On 28 November 2021, Industrifonden's Executive Director since 2018, David Sonnek, left to take a new position outside Industrifonden.

Peter Wolpert took over as the new Executive Director for Industrifonden on 14 February 2022. During the period 29 November 2021 until 13 February 2022, Senior Investment Director Per Anell was the acting Executive Director.

Organization

Investment activities are carried out by a cohesive investment team that works with new investments and development of portfolio companies. Supplementing this is a group that provides analysis and investment support.

We also have a smaller team for business support, Finance & Operations, where some functions are provided by consultants. Industrifonden has its office in Stockholm.

The average number of employees during the financial year was 19 (20).

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 financial position at the end of the financial year was good, particularly thanks to profitable divestments that occurred over the last few years.

The goal for a return on equity that exceeds the five-year government bond yield over the five-year period has been achieved. The goal that administrative costs shall not exceed 2.5 percent of total assets was also achieved for the financial year. However, the goal that between 50 and 60 percent of equity shall be invested in portfolio companies was not achieved at the end of the financial year. Nevertheless, given its strong financial position, Industrifonden intends to increase the investment volume in the coming financial years.

Net profit (loss) for the year

Net profit for the year amounted to SEK 83 (439) million, which corresponds to a return on equity of 1.7 (9.2) percent. It consists of the profit from investment activities of SEK 99 (475) million along with administrative costs of SEK –77 (–76) million, together comprising operating profit, and the profit generated from management of liquid assets of SEK 61 (40) million.

The lower operating profit, SEK 22 (399) million compared to last year, is primarily attributable to lower realized gains on divested shares of SEK 309 (568) million.

Net profit from management of liquid funds constitutes realized profit.

Investment activities

Profit for the year from investment activities amounted to SEK 99 (475) million. Revenues amounted to SEK 320 (677) million and it was primarily derived from realized gains from the divestment of shares in Oatly Group AB and Bonesupport Holding AB. Value adjustments and realized losses increased slightly and amounted to SEK –221 (–202) million.

During the financial year, Industrifonden invested a total of SEK 445 (345) million, of which SEK 161 (158) million was investments in eight (seven) new companies and SEK 284 (186) million was follow-up investments in prior holdings. During the year, Industrifonden's total investments attracted capital from private co-investors for a total of SEK 1,611 (2,007) million, which is a factor of 3.6 (5.8) times.

At the end of the financial year, the carrying amount of Industrifonden's shares and loan receivables that are part of investment activities amounted to SEK 2,471 (2,361) million, which corresponds to 49 (47) percent of Industrifonden's equity. On the balance sheet date, Industrifonden was directly engaged in 56 (53) portfolio companies.

KPIs for the last five financial years

SEK m	2021/22	2020/21	2019/20	2018/19	2017/18	Annual average
Net profit (loss) for the year	83	439	329	-149	76	156
Investments	-445	-345	-495	-319	-347	-390
Co-financing	1,611	2,007	5,596	2,563	2,163	2,788
Cash flow for the year	-31	381	215	-36	-43	97
Balance sheet total	5,082	5,002	4,563	4,227	4,417	4,658
Solvency ¹⁾	99.6%	99.5%	99.5%	99.6%	98.7%	99.4%
Equity	5,061	4,977	4,539	4,209	4,359	4,629
Return on equity ²⁾	1.7%	9.2%	7.5%	-3.5%	1.8%	3.3%
5-year government bond yield	0.5%	-0.3%	-0.4%	-0.1%	0.0%	-0.1%
Invested capital/balance sheet total	48.8%	47.4%	50.7%	51.8%	53.5%	50.5%
Administrative costs ³⁾	77	76	82	75	67	75
Administrative costs/total assets	1.5%	1.5%	1.8%	1.8%	1.5%	1.6%
Average number of employees	19	20	20	18	21	20

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.

Eight (nine) of these were listed companies; two (three) on OMX Mid Cap and one of those was also listed on NASDAQ Global Select Market in the USA, one (one) on First North Premier, three (three) on First North, one (one) on NASDAQ Global Select in the USA and one (one) on Oslo Börs.

Management of liquid assets

A working committee for the Board is responsible for management of liquid assets that are in accordance with instructions issued by the Board. The Chairman of the Board serves as Chairman for the committee. The investment portfolio consists of holdings in mutual funds, fixed income funds and alternative investments. Investments are preferably made in funds with a clear sustainability profile.

The Board has decided that at least 65 percent of liquid assets shall be invested in interest-bearing securities from issuers in EU or OECD countries. Furthermore, 35 percent of liquid assets may be invested in shares and up to 20 percent in alternative investments. Investments are primarily made in SEK, or in another currency that is hedged to SEK. If an investment is made in another currency, the overall currency exposure may not exceed 20 percent of value of the investment portfolio.

Profit for the year from management of liquid assets amounted to SEK 61 (40) million.

The invested liquid assets, including deficits, generated a return during the year of -6.1 (11.3) percent. The return on fixed income fund management amounted to -3.9 (1.4) percent and the return on mutual fund management was -16.8 (42.1) 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 2,599 (2,630) MSEK, which corresponds to 51 (53) percent of equity.

Cash flow and liquidity

The cash flow generated during the year amounted to SEK -31 (381) million.

Cash flow from investment activities, including administrative costs, amounted to SEK -84 (340) million, distributed as follows:

- operating activities SEK -82 (27) million
- divestments of shares in portfolio companies and amortization SEK 443 (659) million
- investments in shares in portfolio companies and other financial assets SEK -445 (-345) million.

Management of liquid assets generated a cash flow during the year of SEK 53 (40) million.

Financial position

Equity increased to SEK 5,061 (4,977) million. Of the total assets of SEK 5,082 (5,002) million, SEK 2,264 (2,443) million was marketable securities and SEK 335 (187) million was cash and bank balances. With this composition, Industrifonden's liquidity for making investments is good.

Important events after 30 June 2022

Subsequent to the end of the financial year, all of Industrifonden's share holdings in Inriver AB were divested.

GOVERNANCE REPORT

According to the Swedish Code of Corporate Governance, companies must issue a governance report. The Code also serves as common practice for other companies and organizations. The Board of Directors has decided that, where applicable, Industrifonden should comply with the Swedish Code of Corporate Governance and that a fund governance report shall be prepared.

Industrifonden is a state-initiated foundation, though independent in relation 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.

Attendance at Board & committee meetings, 2021-07-01 – 2022-06-30

	Ordinary Board meetings	Liquid assets committee	Remuneration committee
Birgitta Stymne Göransson, Chairman of the Board	10/11	4/4	2/2
Lars Gatenbeck, Vice Chairman of the Board	11/11		
Åsa Hedin	9/11		
Daniel Kristiansson	11/11	4/4	
Charlotta Nilsson	11/11		
Bo Normark	7/11		
Christian Salamon	11/11		2/2
Maria Strömme	9/11		

Fees and other remuneration to members of the Board of Directors are decided by the Swedish Government. The Board of Directors decides on remuneration to the Executive Director, along with the structure for variable remuneration to employees. Remuneration is explained in more detail in Note 4.

Board of Directors and Board work

The Board of Directors consists of at most eleven members and its registered office is in Stockholm. Board members are appointed by the government to serve for, at most, three consecutive years at a time.

During the 2021/2022 financial year, Industrifonden had eight Directors serving on its Board. The Swedish government has appointed the following individuals to serve on the Board of Directors for Stiftelsen Industrifonden for the period 1 November 2021 – 31 October 2022:

Birgitta Stymne Göransson

Born 1957. M.Sc. Engineering in Chemistry and Biotechnology. MBA Harvard Business School.

Chairman of the Board. Board member since 2019. Chairman of the Board of Min Doktor AB. Board member of Bure Equity AB, Elekta AB, BCB Medical Oy, Pandora AS and Asker Healthcare AB. Member of the Board and Scientific Advisory Board of Rhenman & Partners.

Lars Gatenbeck

Born 1956. MD.

Vice Chairman of the Board. Board member since 2016. Chairman of the Board of Life Equity Group. Industry Advisor for EQT. Board member of Dataflow Group PTY, Christian Berner Tech Trade AB, Tunstall Healthcare Group Ltd, Panasia Health Ltd, Cancerföreningen and Stiftelsen Silviahemmet. Trustee of Stiftelsen Konung Gustaf V:s Jubileumsfond.

Åsa Hedin

Born 1962. M.Sc. Engineering in Biophysics.

Board member since 2017. Chair of the Board of Tobii Dynavox AB, Artificial Solutions AB and Swedish Tennis Association. Board member of Nolato AB, Cellavision AB, C-Rad AB and Biotage AB. Industrial advisor to the Department of Microtechnology and Nanoscience at Chalmers University of Technology.

Daniel Kristiansson

Born 1974. M.Sc. in Business and Economics

Board member since 2017. Board member of Vattenfall AB and Swedfund International AB. Senior Advisor at Ministry of Enterprise and Innovation.

Charlotta Nilsson

Born 1970. M.Sc. in Physics. EMBA Stockholm School of Economics. Board member since 2019. COO Paradox Interactive. Board member of FCG Group, Nordnet AB (publ), Nordnet Bank AB and Sweden's trade association for video game companies Dataspelebranschen Spelplan-ASGD AB.

Bo Normark

Born 1947. M.Sc. in Engineering

Board member since 2016. Industrial Strategy Executive EIT InnoEnergy. Board member of Svenska Kraftnät. Member of IVA and Honorary Doctor at KTH Royal Institute of Technology.

Christian Salamon

Born 1961. M.Sc. in Engineering Physics. MBA Harvard Business School. Board member since 2020. Chairman of the Board of NCAB Group and OSM Holding. Board member of Altor. Senior Advisor at eEquity. Chairman of the Board of the Sweden-America Foundation.

Maria Strömme

Born 1970. Professor of Nanotechnology. Ph.D. in Solid State Physics. M.Sc. in Engineering Physics.

Board member since 2020. Board member of Disruptive Materials AB, Disruptive Pharma AB, ACD Pharma AS, University of Oslo, the International Balzan Prize Foundation and the Executive Advisory Board for European Spallation Source (ESS). Chairman of the Board of Upptech, Uppsala University. Steering Committee member of The Swedish Entrepreneurship Academy. Member of The Royal Swedish Academy of Sciences (KVA), Royal Swedish Academy of Engineering Sciences (IVA), the Norwegian Academy of Technological Sciences (NTVA) and The Norwegian Academy of Science and Letters (DNVA).

Board fees are explained in Note 4.

Board work is carried out in accordance with rules of procedure established each year that regulate, among others, the frequency of meetings, main items to be discussed at ordinary meetings, and the allocation of responsibilities between the Board and the Executive Director. In addition to the Executive Director, other employees participate as needed in presentations of matters that are relevant to the Board.

For decisions about investing in companies and where it has been concluded that a Board member has a conflict of interest, that member has neither participated in investigation of the matter nor in the decision. This is also reported in the minutes of Board meetings.

The Board has delegated some of its work to a special investment committee that is responsible for management of Industrifonden's liquid assets within the scope of specific investment instructions. Birgitta Stymne Göransson is the Chair and Daniel Kristiansson is a member of the committee, of which the Executive Director and CFO also are members.

A remuneration committee has been set up, with Birgitta Stymne Göransson acting as Chairman and Christian Salamon as committee member. It prepares remuneration issues that will be decided by the Board. The Executive Director also participates in the committee.

The work done by the Board is evaluated each year by having the Board members complete a survey, the results of which are analyzed and discussed by the Board.

Executive Director

Peter Wolpert, born in 1969, has been the Executive Director since 14 February 2022.

Neither Peter Wolpert nor his related parties hold shares or other financial instruments in any of Industrifonden's portfolio companies or companies that Industrifonden has a significant business relationship with.

The Board has specific instructions that it has adopted for the work responsibilities of the Executive Director. The Board's rules of procedure also regulate the Executive Director's mandate with regard to investment decisions.

Auditors

The administration by the Board of Directors and Stiftelsen Industrifonden's financial statements is audited each year by two authorized public accountants. The auditors are appointed by the Swedish Government to serve for, at most, three consecutive years at a time.

The government has appointed Jonas Ståhlberg and Daniel Wassberg of Deloitte AB as Industrifonden's auditors for the period 2021-11-01 – 2022-10-31. The auditors regularly participate in the Board meetings where the audit plan and annual report are presented and discussed.

An auditors' report is submitted to the government at the same time that the Board's annual report is submitted. The audit report must include an opinion on discharging the Board of Directors and Executive Director from liability. The Swedish Government is ultimately responsible for granting discharge from liability.

Industrifonden's audit costs and costs for consulting assignments to the audit firm are detailed in Note 6.

Remuneration principles

Industrifonden is a state-initiated foundation and the board has chosen to follow the government's established guidelines on remuneration to senior executives in state-owned companies. Industrifonden reports remuneration to its senior executives in Note 4.

Decisions on employment contract, salary and benefits for the Executive Director are made by Industrifonden's Board of Directors.

Internal control and control environment

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 formal decision-making procedure is based on the allocation of responsibility between the Board of Directors and the Executive Director, which has been established in the Board's rules of procedure. The Board has established Industrifonden's ownership policy and code of conduct, along with the core values and norms that employees should adhere to.

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.

Risk analysis

Industrifonden's risk management and reporting activities are coordinated by the Executive Director. The Board evaluates and monitors risks associated with, and the quality of, financial reporting. It also conducts a portfolio analysis twice per year. Each year, the CFO analyzes risks associated with financial reporting and is responsible for updating the framework.

Control activities and monitoring

The Board monitors Industrifonden's financial situation at each ordinary Board meeting. The Executive Director is responsible for regular monitoring of the financial results. The Executive Director is responsible for evaluation, monitoring, reporting and improving the control activities for financial reporting. The control activities have been designed to ensure the quality of financial reporting.

Information and communication

Information about policies, instructions, guidelines and manuals have been published on Industrifonden's intranet, which all employees have access to.

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 investment activities are:

- No single investment may exceed five percent of total assets.
- Striving for a well-diversified portfolio across sectors and investment years.
- Striving for high-quality owner consortiums.
- Serve as an active owner in portfolio companies via participation on the Board or nomination committee.

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. Management of those risks occurs via adherence to the Board's investment instructions and continuous monitoring.

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, policies and internal controls.

The COVID-19 pandemic and war in Ukraine have significantly impacted the global economy. Industrifonden has been impacted, although to a limited extent, in these ways: changes in the financing landscape, portfolio company-specific challenges and opportunities, and limitations in internal as well as external interactions.

SUSTAINABILITY REPORTING

By guiding and inspiring its portfolio companies, Industrifonden strives to be a leader in the industry by providing them with effective support in order to ensure sustainable entrepreneurship. Industrifonden endeavors to ensure that the investments it makes represent a high level of innovation and contribute positively to the UN Sustainable Development Goals. Furthermore, all of the portfolio companies must, through their operations, strive to be role models for sustainability in their specific niche.

For Industrifonden, sustainability is primarily about developing society via innovation and growth. Sustainability goes hand-in-hand with Industrifonden's long-term ownership horizon. Impact occurs primarily by making investments in companies and entrepreneurs who, in an innovative way, develop technologies, products and services that typically create efficiencies or improvements by getting more out of fewer resources. And, that has a positive effect on people, the economy and the environment.

INDUSTRIFONDEN'S SUSTAINABILITY FRAMEWORK

In order to identify which sustainability areas are most important for Industrifonden's activities, a survey was conducted based on the UN Sustainable Development Goals (Agenda 2030). A materiality analysis was also carried out together with Industrifonden's most important stakeholders.

UN Sustainable Development Goals

Via investments and active ownership, Industrifonden and its portfolio companies primarily contribute to Goal 3, 5, 8, 9, 10 and 12. Besides monitoring its own efforts, Industrifonden's contribution to economic, environmental and social sustainability can be measured via the portfolio companies' contributions to the SDGs.

Materiality analysis

Through internal risk analyses, engagement with stakeholders and consideration of ongoing changes in laws and regulations in the area of sustainability, Industrifonden ensures that the company's resources are directed at the most essential sustainability work.

In 2019, Industrifonden's most important stakeholders were asked to identify which aspects of environmental, social and economic sustainability they felt were most important for Industrifonden to work with. Six areas were identified as most important:

- Stimulate innovation, growth and sustainable development in Sweden.
- Be a long-term, financially-strong financier.
- Contribute to a well-functioning Venture Capital market.
- Apply good business ethics.
- Counteract discrimination and psychological harassment.
- Promote diversity and equality.

Focus areas

Based on the identified SDGs, results of the materiality analysis and applicable legislation, the most important sustainability issues have been grouped into four focus areas that are consistently applied to all of Industrifonden's sustainability efforts:

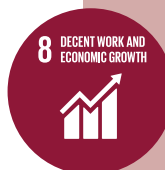
- Innovation and financing
- Climate and environmental impact
- Work environment and equality
- Business ethics and anti-corruption



We want to ensure that the employees at Industrifonden and our portfolio companies lead healthy lives. We also strive to improve welfare in society via our investments.



We strive for greater equality, an even gender distribution with equal rights and opportunities regardless of gender, both in our workplace and in the portfolio companies we invest in.



By investing in new, expansive companies, Industrifonden helps generate more jobs and economic growth.



We promote sustainable innovation by investing in new and innovative companies with no (or only a limited) negative economic, environmental or social impact.



We invest in innovative companies that promote equality by increasing the availability and dissemination of new products and services.



Through active corporate governance, we provide portfolio companies with tools that support sustainable entrepreneurship and we monitor sustainability progress over time.

Important events during the year

During the past year, Industrifonden carried out several initiatives and efforts in the area of sustainability:

- During spring 2021, an internal situation assessment on equality, diversity and inclusion was carried out, the results of which were presented and followed up during fall 2021 and spring 2022.
- There were also workshops for everyone at Industrifonden on diversity, inclusion and unconscious bias.
- Additionally, there was a workshop with the investment team on sustainability work and how to implement such efforts in the portfolio companies.
- All employees received training on GDPR.
- The portfolio companies were offered sustainability training on three occasions (two-day workshops) that were organized by Industrifonden together with an external consultant.

SUSTAINABILITY OF INVESTMENT ACTIVITIES

Industrifonden is convinced that sustainability is essential to the long-term competitiveness of all companies. As a responsible investor, sustainability is thus an important factor that is considered both prior to making an investment decision and during the holding period. The investment process and active ownership represent the most important aspects of sustainability work, since most of Industrifonden's sustainability impact occurs in its portfolio companies.

Industrifonden primarily invests in three areas: Life Science, Deep Tech and Transformative Tech. Many business opportunities exist in each of these areas, with regard to such things as resource efficiency, energy efficiency, energy transformation, healthcare and social welfare. They also have strong links to Agenda 2030.

Investment analysis

Sustainability is a prioritized area in the evaluation of all new investments. Industrifonden evaluates how, in its core business, the target company impacts the SDGs. It includes an analysis of both the positive and negative impacts.

Prior to an investment decision, a due diligence process on sustainability is carried out, whereby the risks associated with the portfolio

company's business are identified and analyzed. Industrifonden will refrain from making an investment if risks are identified that have a unacceptably large negative impact on the SDGs or, if it is concluded that it will be difficult to eliminate those risks. If the risks are deemed manageable and the executive management team has adequate understanding of the risks, action plans will then be drawn up that are continuously monitored during the holding period.

Because Industrifonden invests in companies in the early development phase, a great deal of emphasis is put on evaluating the team's values and ambitions concerning sustainability, with less emphasis on what documents currently exist or what processes are in place.

Corporate Governance

Industrifonden focuses on being an active owner such that it creates the best possible sustainable value growth in its portfolio companies. The goal is for the companies that Industrifonden invests in to be adequately prepared for managing both risks and opportunities associated with sustainability.

The three approaches explained below provide the foundation for Industrifonden's corporate governance. It is important to point out, however, that Industrifonden is a minority owner, which means that it may only be able to exercise limited influence.

Sustainability responsibility is part of active ownership

Sustainability is included in the role description for investment managers, which requires them to emphasize the importance of sustainability. Industrifonden's investment team follows up on the sustainability work of each portfolio company annually. Industrifonden also puts much emphasis on the composition of companies' executive management teams and boards of directors, where expertise and diversification are important parameters. There is a desire for there to be balance with regard to gender, age and ethnic background.

Sustainability platform

In order to be able to monitor portfolio companies' progress in the area of sustainability, Industrifonden has implemented the sustainability platform, Worldfavor. The platform was designed in collaboration with sustainability consultants based on the sustainability issues deemed most

INVESTMENT PROCESS

Prior to investment	Corporate Governance	Exit
Analysis of innovation <ul style="list-style-type: none"> ▪ How, and to what extent, does the innovation improve our world? Evaluation of the team of founders <ul style="list-style-type: none"> ▪ Valuations ▪ Diversification ▪ Knowledge UN Sustainable Development Goals <ul style="list-style-type: none"> ▪ Which of the SDGs does the innovation positively impact? ▪ What is the negative impact on the SDGs? Due Diligence sustainability <ul style="list-style-type: none"> ▪ ESG questionnaire for discussion ▪ Workshop ▪ Scorecard for ranking ▪ 100-day plan for any measures 	Active ownership <ul style="list-style-type: none"> ▪ Sustainability responsibility of the investment manager ▪ Annual follow-up of sustainability work in the portfolio companies Sustainability platform <ul style="list-style-type: none"> ▪ Follow-up on action plans ▪ KPIs reported and uploaded ▪ Supporting documents Sustainability Academy <ul style="list-style-type: none"> ▪ Obligatory for companies with significant sustainability risks ▪ Voluntary for other companies that would like support for their sustainability work 	Preparations <ul style="list-style-type: none"> ▪ Companies are prepared for exit by ensuring that the necessary processes and documentation exist, along with an understanding of what is needed for the next step in the company's development Evaluation <ul style="list-style-type: none"> ▪ The potential buyers are evaluated based on social and environmental issues

relevant to both Industrifonden and future investors in the portfolio companies. The platform is based on the focus areas identified in Industrifonden's sustainability framework: Climate and environmental impact (Environmental), Work environment and equality (Social), Business ethics and anti-corruption (Governance). The portfolio companies use Worldfavor to participate in regular sustainability reporting, which involves updating their sustainability KPIs and uploading relevant policy documents associated with their governance structure. The platform also contains policy templates that the portfolio companies can download and use as support. Industrifonden has been able to confirm that the templates are, to a large extent, indeed being used by the portfolio companies.

Industrifonden's Sustainability Academy

In June 2021, Industrifonden's Sustainability Academy was launched, with the aim of training portfolio companies on various sustainability topics. Sustainability Academy is a workshop that portfolio companies are invited to attend. For companies where significant sustainability risks have been identified, it is mandatory, but for others, it is voluntary. Sustainability training was offered on three occasions during the financial year and in total, eleven companies participated.

Responsibility for sustainability lies with the portfolio companies. But, by offering support and training, Industrifonden hopes to inspire and help its portfolio companies make a positive contribution to the creation of businesses that promote a sustainable future.

Exit

Industrifonden continuously strives to optimize the value of its portfolio companies by preparing them for the demands from potential future investors. Industrifonden is convinced of the importance of understanding and being well-informed about the requirements that future investors have concerning sustainability. Therefore, Industrifonden promotes these types of sustainability issues via its board work at the portfolio companies. While preparing a company for exit, it may be

necessary to implement certain measures so that the buyer's requirements are met. It may, for example, be necessary to raise the level of sustainability expertise among members of the board of directors.

SUSTAINABILITY OF PORTFOLIO COMPANIES

The largest impact on the surrounding world occurs via Industrifonden's portfolio companies. As of 30 June 2022, Industrifonden's portfolio consisted of 56 companies in Life Science, Deep Tech and Transformative Tech. The business activities of those companies impact the SDGs in various ways. It is important that the portfolio companies' executive management teams have relevant knowledge and understanding of sustainability. If executive management teams and founders have weak knowledge of sustainability, it could result in a financing risk for Industrifonden in the form of reluctance from other investors to invest in the company.

As previously mentioned, responsibility for sustainability work lies with the companies themselves and Industrifonden expects its portfolio companies to actively strive to eliminate or minimize any risks that have been identified. If there is inadequate risk management or knowledge gaps, Industrifonden will offer self-help support.

In order to facilitate reporting and monitor the portfolio companies' progress with sustainability work, Industrifonden has implemented the sustainability platform, Worldfavor. The 2021/2022 financial year is the second year where Worldfavor has been used and in total, 31 of the 56 portfolio companies participated (last year, 21 of 53). The platform makes it possible to monitor improvements over time and the information reported is helpful in identifying risk areas. The results are also factored into the materiality analysis to ensure that support is being directed at the most important areas.

Reporting efforts are still in the early stage of development and many portfolio companies are reporting their ESG KPIs for the first time. Industrifonden is continuously striving, both internally and externally, to improve the response rate, scope and quality of the ESG data, as well as quality of follow-up so that comparability improves.

THE MOST SIGNIFICANT RISKS IN INVESTMENT ACTIVITIES

Identified risks		Measures
Minority owner	Because Industrifonden is a minority owner in its portfolio companies, there is a risk that other owners will have differing opinions on how sustainability work should be carried out. (Low risk)	<ul style="list-style-type: none"> Due diligence on sustainability is carried out by Industrifonden's own organization for all companies. Sustainability is included in ownership agreements/ownership agendas. For example, they stipulate that companies must identify sustainability KPIs in their management and board reports. Industrifonden's sustainability framework, which contains KPIs for ESG, with clear links to the UN Sustainable Development Goals. Analysis of existing and new laws or regulations relevant to the market. Active ownership to identify and manage any sustainability risks. 100-Day plan with follow-up.
Regulatory risks	New laws or regulations could enter into force subsequent to an investment decision, giving rise to new sustainability risks associated with the operations of portfolio companies. (Low risk)	
Financial risk	If portfolio companies do not adequately address their sustainability issues/risks, the consequences could be severe, since future investors have high requirements concerning sustainability efforts.	

E (Climate and environmental impact)¹⁾

74% of the companies are aware of their most significant sources of CO₂ emission

50% of the companies have an environmental policy

Industrifonden's ambition is to ensure that all of its portfolio companies are aware of their own most important sources for CO₂ emissions and other greenhouse gases. However, since most of the portfolio companies are still young, Industrifonden understands that an environmental policy might not yet have been implemented during this early stage of the company's development.

Through active ownership, Industrifonden endeavors to ensure that all companies are aware of their carbon footprint and implementing initiatives to reduce their CO₂ emissions. Via the sustainability tool, Worldfavor, Industrifonden offers a framework and policy templates that portfolio companies can use.

S (Work environment and equality)¹⁾

20% women, on average, in the companies' executive management teams

59% of the companies have a code of conduct

Industrifonden's ambition is to ensure that all of its portfolio companies have a code of conduct, employee handbook and plan for attracting and retaining talent.

Through active ownership, Industrifonden endeavors to ensure that its portfolio companies establish policies and strategies for equality, diversity and inclusion, among other things with the aim of achieving an equal gender distribution. Industrifonden also requires that there is diversity in the portfolio company management teams. It is a prerequisite for competitiveness.

G (Business ethics and anti-corruption)¹⁾

42% of the companies have integrated sustainability targets into their long-term business plans

62% of the companies have a policy for IT security

Industrifonden's ambition is to ensure that all of its portfolio companies integrate sustainability into their business planning. All companies should have a policy in place for counteracting corruption and bribery, as well as anti-corruption clauses in their commercial contracts. Additionally, all portfolio companies must provide their employees with the means and knowledge on how to report unethical behavior in a safe, anonymous way.

Through active ownership, Industrifonden supports the sustainability efforts of its portfolio companies by providing guidance and policy templates.

¹⁾ Percentages are based on the companies that reported via the Worldfavor platform.

INDUSTRIFONDEN'S INTERNAL SUSTAINABILITY WORK

Industrifonden's internal sustainability work is based on the four focus areas previously mentioned and governed by the following policies and internal governance documents:

- Code of conduct
- Ownership policy
- Sustainability policy
- Work environment policy
- Policy on equality, diversity and inclusion
- Travel policy

Innovation and financing

Industrifonden's business model aims to promote innovation via investments. Industrifonden plays an important role in the supply of venture capital to small and medium-sized companies with Swedish business interests. They are very much in need of venture capital and Industrifonden's role as a catalyst is significant. Industrifonden's capital and expertise sparks both innovation and entrepreneurial efforts, which, in turn, creates growth in, and generates benefits to, Swedish society. The investments in growth companies lead to a higher rate of employment and a better business culture in both Sweden and other countries where those companies operate. The return generated from successful investments makes it possible for Industrifonden to invest in new growth companies. This "circularity" of capital provides Industrifonden with financial stability, resilience and sustainability.

During the 2021/2022 financial year, Industrifonden's investments totaled SEK 445 million, of which SEK 161 million was new investments and SEK 284 million was follow-up investments in existing portfolio companies.

Industrifonden's activities create value on many levels via the development and growth of its portfolio companies. During the time in which Industrifonden is invested in a company, both technological know-how and expertise is disseminated. Furthermore, when companies are growing, it boosts both overall competitiveness and the rate of employment in the country. The expertise and experience existing in Industrifonden's organization may also benefit others by promoting socio-economic development and growth beyond the scope of its core activities and in society at large.

Over time, both the access to capital and number of co-financiers has varied. Industrifonden contributes to a continuously well-functioning VC market via its long-term financial strength and stability.

Climate and environmental impact

Because of Industrifonden's small size and the nature of its business, its direct climate and environmental impact has been assessed as limited. The indirect sustainability impact, however, is larger given that all of the companies that Industrifonden invests in have their own direct impact on the climate and environment. Most portfolio companies are in the early stages of development, with only a few employees. They are seldom active in sectors or geographic markets with high climate risks.

Obligations pertaining to environmental efforts are described in Industrifonden's sustainability and travel policies. Primarily, the focus is on Industrifonden directing its business activities at minimizing the portfolio companies' negative environmental and climate impact (which is described above) along with minimizing emissions from their own business travel. During 2021/2022, Industrifonden had a total of 36 (3) business trips involving air travel, with total carbon emissions of 6.68 (0.17) tons. Since 2013, Industrifonden has been using climate compensation for its air travel. Industrifonden only purchases renewable electricity and fossil-free district heating for the office in Stockholm.

Work environment and equality

Industrifonden's employees have a great deal of knowledge, experience and commitment, all of which is a prerequisite for running a successful business. It is thus very important for Industrifonden to be an attractive employer and the organization is constantly striving to attract, develop and retain the necessary expertise. Employee health is a priority area and by offering flexibility and respect, Industrifonden strives to promote exercise and well-being. Industrifonden endeavors to provide a workplace where employees thrive, contribute and grow. An attractive work environment, where the culture is inclusive, respectful, trusting and transparent is important to Industrifonden. In order to run successful operations, Industrifonden also relies on diversity in the form of different types of knowledge, experience and perspectives.

Within the scope of its sustainability work, the aim is to ensure that there is equality in the workplace and in the business. Industrifonden has a policy for equality, diversity and inclusion, as well as guidelines covering bullying and harassment. Traditionally, both the Venture Capital sector and start-ups have been, and still primarily are, male-dominated. For this reason, Industrifonden puts special emphasis on equality in the portfolio companies, particularly in regard to women. This involves, for example, increasing investments in start-ups where women are part of the team of founders, along with promoting more women on the boards of directors and executive management teams of portfolio companies. Industrifonden also strives to ensure that there is diversity among the executive management teams of its portfolio companies.

KPIs employees (average number)

	2021/2022	2020/21
Total number of employees	19	20
Percentage women	50%	46%
Percentage men	50%	54%
Percentage <30 years	6%	9%
Percentage 30-50 years	48%	37%
Percentage >50 years	46%	53%

Board of Directors

Number of Directors	8	8
Percentage women	50%	50%
Percentage men	50%	50%

Industrifonden does not have a formal executive management team and the only senior executives are the Executive Director and CFO.

Industrifonden distances itself from all forms of discrimination and harassment. Everyone should have equal rights, opportunities and obligations, regardless of gender, gender identity, ethnicity, disability, religion, sexual orientation or age. Employees are encouraged to report any suspected incidents of discrimination, harassment or preferential treatment to the HR department or Chairman of the Board. During the financial year, there were no reports of deviations from the code of conduct. Neither were there any reports of discrimination or harassment.

During spring 2021, Industrifonden, together with an external consultant, carried out an internal situation assessment on equality, diversity and inclusion. The results of the situation analysis were presented during fall 2021 and they fell into two categories.

1. Industrifonden as a workplace.
2. The investment process, including how Industrifonden could be working with a diversity perspective when making investments and as part of active ownership.

Industrifonden also delved deeper into these issues by holding lectures and discussions. The themes covered so far were "Inclusive behavior and psychological safety" and "Unconscious bias". The equality plan, guidelines and routines for preventing and dealing with any cases of harassment, sexual harassment or bullying were also updated.

Business ethics and anti-corruption

Industrifonden must act in an ethically responsible way and its credibility and reputation depends on this. Any cases of corruption or financial crime would seriously impair Industrifonden's reputation. Industrifonden complies with laws, regulations and contractual obligations, always striving to apply good business ethics. Industrifonden's code of conduct contains guidelines, expected behavior in various types of situations and the expectations on personal judgment, all of which is aimed at minimizing the reputational risks. The code of conduct covers all employees and Board members of Industrifonden, along with contractors representing Industrifonden. New employees and newly-elected Board members receive a review of the code of conduct. Personal responsibility is a key element of the code of conduct and it aims to preserve the confidence of Industrifonden's stakeholders.

Industrifonden's sustainability policy, ownership policy and code of conduct all contain sections on zero tolerance for corruption and bribery both in the company's own operations and in the portfolio companies. There are routines in place for Industrifonden's work to counteract corruption and bribery, such as checks on insider relationships and conflicts of interest in conjunction with investment decisions, and insider lists for all of Industrifonden's listed holdings.

Follow-up and review of policies and other governance documents

An employee survey is carried out each year at Industrifonden, along with regular performance appraisals, in order to monitor that there is adherence to policies and other guidelines, and that they generate the desired effect. A consultant was also engaged during the year to review the policies and governance documents linked to social issues (see the information above under "Work environment and equality").

INCOME STATEMENT

(Amounts in SEK thousand)

	Note	2021-07-01 2022-06-30	2020-07-01 2021-06-30
Operating income			
Capital gains		311,465	569,409
Interest income		5,770	12,625
Other operating income	1	2,533	94,581
Total operating income		319,768	676,615
Operating expenses			
Value adjustments	2.3	-220,810	-199,803
Capital losses		-1	-1,553
Personnel expenses	4	-47,666	-49,300
Other external expenses	6	-27,527	-25,655
Depreciation and impairment of property, plant and equipment	7	-1,448	-1,449
Total operating expenses		-297,452	-277,760
OPERATING PROFIT (LOSS)		22,316	398,855
Profit (loss) from financial investments			
Profit (loss) from management of liquid assets	8	60,892	40,086
Profit (loss) from financial investments		60,892	40,086
Profit (loss) after financial items		83,208	438,941
NET PROFIT (LOSS) FOR THE YEAR		83,208	438,941

BALANCE SHEET

(Amounts in SEK thousand)

ASSETS	Note	2022-06-30	2021-06-30
Fixed assets			
<i>Property, plant and equipment</i>			
Equipment	7	1,277	2,550
Total property, plant and equipment		1,277	2,550
<i>Financial assets</i>			
Shares and participations	2	2,366,763	2,267,371
Loan receivables	3	104,612	93,956
Total financial assets		2,471,375	2,361,327
Total fixed assets		2,472,652	2,363,877
Current assets			
<i>Current receivables</i>			
Other receivables		4,713	3,534
Prepaid expenses and accrued income	9	5,232	4,590
Total current receivables		9,945	8,124
Marketable securities	10	2,264,494	2,443,435
Cash and bank balances		334,838	186,670
Total current assets		2,609,277	2,638,229
TOTAL ASSETS		5,081,929	5,002,106

BALANCE SHEET

(Amounts in SEK thousand)

EQUITY AND LIABILITIES	Note	2022-06-30	2021-06-30
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		3,374,196	2,935,255
Net profit (loss) for the year		83,208	438,941
Total non-restricted equity		3,457,404	3,374,196
Total equity		5,060,669	4,977,461
Liabilities			
<i>Current liabilities</i>			
Accounts payable		2,668	2,220
Other liabilities		834	936
Accrued expenses and deferred income	11	17,758	21,489
Total current liabilities		21,260	24,645
TOTAL EQUITY AND LIABILITIES		5,081,929	5,002,106

CASH FLOW STATEMENT

(Amounts in SEK thousand)

	Note	2021-07-01 2022-06-30	2020-07-01 2021-06-30
Operating activities			
Operating profit (loss)		22,316	398,855
<i>Adjustments for items not included in cash flow:</i>			
Depreciation and impairment of property, plant and equipment	7	1,448	1,449
Interest received		-3,091	-5,804
Value adjustments on shares and participations	2	193,885	199,803
Value adjustments of loan receivables	3	26,925	-
Realized profit from investment activities		-308,614	-567,857
Cash flow from operating activities before changes in working capital		-69,981	26,446
Changes in working capital			
Decrease(+)/increase(-) in operating receivables		-1,820	1,066
Decrease(-)/increase(+) in operating liabilities		-10,139	-59
Cash flow from operating activities		-81,940	27,453
Investment activities			
Acquisition of property, plant and equipment	7	-175	-1,272
Acquisition of shares in portfolio companies	2	-337,893	-268,809
Divestments of shares in portfolio companies		426,024	600,445
Acquisition of loan receivables	3	-106,950	-75,901
Received amortization on loan receivables	3	16,868	58,648
Cash flow from investment activities		-2,126	313,111
Management of liquid assets		53,293	40,086
Cash flow from management of liquid assets		53,293	40,086
Cash flow for the year		-30,773	380,650
Liquid assets at the beginning of the year		2,630,106	2,249,456
Liquid assets at year-end		2,599,333	2,630,106

CHANGES IN EQUITY

(Amounts in SEK thousand)

	Restricted equity	Non-restricted equity		
	State funds received	Appropriated earnings	Net profit (loss) for the year	Total equity
Opening balance on 1 July 2020	1,603,265	2,606,150	329,105	4,538,520
Appropriation of prior year's profit (loss)		329,105	-329,105	0
Net profit (loss) for the year			438,941	438,941
Equity on 2021-06-30	1,603,265	2,935,255	438,941	4,977,461
Opening balance on 1 July 2021	1,603,265	2,935,255	438,941	4,977,461
Appropriation of prior year's profit (loss)		438,941	-438,941	0
Net profit (loss) for the year			83,208	83,208
Equity on 2022-06-30	1,603,265	3,374,196	83,208	5,060,669

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.

Option premiums received are reported as deferred income until the options are utilized or mature. If the options are utilized, the premium becomes part of the capital gain on the sale of the shares in question. If the options mature, the premium is reported as revenue at that time.

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 Alecia, 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 to 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 investment 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.

If call options have been issued that give the holder the right to acquire shares during a certain period at a prior-determined price, the holding is assessed on the underlying shares and options together as a single securities portfolio that is reported and valued jointly. It means that impairment testing is also on that same joint portfolio of combined shares and options. Value changes on the shares are realized when the options are exercised and the premium is then recognized in the financial statements, alternatively, when the options mature if the option holder never exercises the option.

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.

Contingent liabilities

A contingent liability is a possible obligation resulting from events that have occurred but whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability is also an existing obligation resulting from events that have occurred but which is not reported as a liability or provision because it is not likely that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Contingent assets

A contingent asset is a possible asset that arises from events that have occurred and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is not reported as an asset in the balance sheet.

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 investment 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

	2021/2022	2020/2021
Payment received from bankruptcy	–	93,544
Other	2,533	1,037
TOTAL OTHER OPERATING INCOME	2,533	94,581

Other operating income primarily consists of invoiced expenses.

Note 2 Shares and participations

	2022-06-30	2021-06-30
Opening cost	3,002,082	2,709,886
Acquisition of shares and participations for the year	357,835	269,887
Conversion of loans to shares	55,631	102,136
Disposals for the year	–230,320	–79,827
Closing accumulated cost	3,185,228	3,002,082
Opening value adjustments	–734,711	–562,063
Disposals for the year	110,131	27,155
Value adjustments for the year	–193,885	–199,803
Closing accumulated value adjustments	–818,465	–734,711
CLOSING CARRYING AMOUNT	2,366,763	2,267,371

Company name, Corporate Identity Number (CIN)	Share of equity %	Share of voting power %	Number of shares	Carrying amount	
				2022-06-30	2021-06-30
Adfenix AB, 556951-2451	14.44	14.44	647,690		
Airsonett Holding AB, 556874-1739	29.65	29.65	10,669,704		
AMRA Medical AB, 556804-3227	37.05	37.05	275,116		
Apica AB, 556676-4121	33.49	33.49	81,537,578		
Asgard Therapeutics AB, 559184-0136	11.11	11.11	8,333		
Athera Biotechnologies AB, 556620-6859	40.08	40.08	3,515,253		
Avassa Systems AB, 559221-4596	13.76	13.76	36,291		
Avidicare Holding AB, 556894-3947	32.52	32.52	9,825,308		
Barnebys Group AB, 556839-6062	21.22	21.22	120,629		
BoMill AB, 556556-4332 ¹⁾	–	–	–		
BONESUPPORT HOLDING AB, 556802-2171 ¹⁾	–	–	–		
Calliditas Therapeutics AB, 556659-9766 ¹⁾	9.56	9.56	5,566,995		
Combinostics Oy, 2631684-7	14.72	14.72	3,037		
Crosser Technologies AB, 559074-8975	13.04	13.04	1,554,757		
Dbvis Software AB, 556591-6508	25.00	25.00	304		
digip AB, 559204-1551	20.74	20.74	351		
DPOrganizer AB, 559018-1730	14.13	14.13	131,442		
eBuilder AB, 556636-9640	15.06	15.06	1,817,541		
Elypta AB, 559112-1214	12.41	12.41	1,468,408		
EnginZyme AB, 556965-8494	14.14	14.14	37,363		
Exeri AB, 556792-3619	13.31	13.31	489		
Fast Travel Games AB, 559055-6865	19.10	19.10	13,753		
FishBrain AB (publ), 556796-5370	7.84	7.84	190,127		
Footway Group AB, 556818-4047 ¹⁾	11.00	5.19	11,229,969		
Formulate AB, 556939-6129	–	–	–		
Freemelt AB, 559097-0215	–	–	–		

¹⁾ The company is publicly traded

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	2022-06-30	2021-06-30
Freemelt Holding AB (publ), 559105-2922	11.72	11.72	4,289,486		
Funnel Holding AB (publ), 556731-9248	9.58	9.58	49,546,173		
Gesynta Pharma AB, 559103-6628	19.35	19.35	71,818		
Hopsworks AB, 559062-8987	16.66	16.66	1,548,500		
InDex Pharmaceuticals Holding AB, 559067-6820 ¹⁾	2.42	2.42	12,865,296		
Ingrid Cloud AB, 556993-4689	15.30	15.30	1,706,001		
inriver AB, 556650-5573	13.59	13.59	7,272,051		
Kiselkarbid i Stockholm AB, 559105-9794	15.92	15.92	353,911		
Lexly AB, 556669-0102	14.65	14.65	966,900		
Limina AB, 556982-5713	14.30	14.30	4,362		
Medtentia International Ltd Oy, 2262355-9	38.77	38.77	1,045,874		
Meniga Ltd, 8822710	9.27	9.27	14,820		
Micvac Aktiebolag, 556578-8501	30.37	30.37	180,803		
Minervax ApS, 502076-4741	11.58	11.58	1,329,214		
Nextory AB, 556708-4149	23.77	23.77	8,374,606		
Nordic Communications Group AB, 559092-4295	13.75	13.75	54,305		
Now Interact Nordic AB, 556800-7370	19.22	19.22	5,725,879		
NuvoAir Inc, 87-3703998	11.38	11.38	586,960		
Oatly Group AB (publ), 559081-1989	1.32	1.32	7,849,407		
occtoo AB, 559178-9978	12.07	12.07	8,082		
Oncopeptides AB, 556596-6438 ¹⁾	9.85	9.85	7,420,805		
Open Payments Europe AB, 556973-2737	21.63	21.63	33,676		
OxThera AB, 556681-5667	13.38	13.38	5,654,712		
Peafowl Plasmonics AB, 559152-0191	15.42	15.42	451		
poLight ASA, 988862703 ¹⁾	10.10	10.10	5,244,125		
Qapital Insight AB (publ), 556903-1338	–	–	–		
SaltX Technology Holding AB, 556917-6596 ¹⁾	18.84	18.84	19,391,041		
ScandiNova Systems AB, 556616-3605	32.04	32.04	475,113		
ShardSecure Inc, 83-3285978	17.63	17.63	3,723,226		
Smartfish AS, 983032958	28.58	28.58	6,724,637		
Soundtrack your brand Sweden AB, 556922-0014	14.41	14.41	212,833		
Storegate AB, 556623-6179	–	–	–		
Swin Technologies AB, 559122-3796	10.56	10.56	17,230		
Trialbee AB, 556814-3019	35.94	35.94	186,152		
ZeroPoint Technologies AB, 559010-8220	14.29	14.29	2,272,727		
Total active companies				2,361,181	2,261,472
Capitalized acquisition costs				5,582	5,899
TOTAL SHARES AND PARTICIPATIONS, CARRYING AMOUNT				2,366,763	2,267,371

1) The company is publicly traded

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
Airsonett Holding AB	556874-1739	Ängelholm	-9,929	87,506
AMRA Medical AB	556804-3227	Linköping	-54,072	20,075
Apica AB	556676-4121	Stockholm	-35,917	-80,856
Athera Biotechnologies AB	556620-6859	Stockholm	-27,501	12,934
Avidicare Holding AB	556894-3947	Lund	-16,404	10,335
Barnebys Group AB	556839-6062	Stockholm	-52,194	72,635
Dbvis Software AB	556591-6508	Stockholm	5,103	35,748
digip AB	559204-1551	Stockholm	-7,218	14,472
Medtentia International Ltd Oy	2262355-9	Espoo, Finland	-34,661	-9,206
Micvac Aktiebolag	556578-8501	Mölnådal	146	6,738
Nextory AB	556708-4149	Stockholm	-159,974	39,746
Open Payments Europe AB	556973-2737	Stockholm	-18 414	28,788
ScandiNova Systems AB	556616-3605	Uppsala	33,778	92,946
Smartfish AS	983032958	Oslo, Norway	-23,773	5,123
Soundtrack your brand Sweden AB	556922-0014	Stockholm	-91,002	3,324
Trialbee AB	556814-3019	Malmö	-56,250	4,388

Note 3 Loan receivables

	2022-06-30	2021-06-30
Opening cost	93,956	154,029
New loans for the year	110,080	81,704
Loan amortization for the year	-16,868	-39,641
Loan conversions to shares for the year	-55,631	-102,136
Closing cost	131,537	93,956
Opening value adjustments	0	0
Value adjustments for the year	-26,925	-
Closing value adjustments	-26,925	0
CLOSING CARRYING AMOUNT	104,612	93,956

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 4 Employees

	2021/2022	2020/2021
Average number of employees	19	20
Women	10	9
Men	9	11
Board members	8	8
Women	4	4
Men	4	4
Senior executives – Executive Director and CFO	2	1
Women	1	–
Men	1	1

	2021/2022		2020/2021	
	Salaries and other remuneration	Social security contributions (of which pension costs)	Salaries and other remuneration	Social security contributions (of which pension costs)
Board fees	1,079	339	1,000	314
Committee fees	42	13	40	13
Senior executives – Executive Director and CFO	4,644	3,285	4,348	2,859
Other employees	23,710	13,720	24,048	15,464
TOTAL SALARIES, SOCIAL SECURITY CONTRIBUTIONS AND PENSIONS	29,475	17,357	29,436	18,650
of which pensions for senior executives		(1,469)		(1,201)
of which pension for other employees		(5,261)		(6,445)

Fees are paid to the Chairman of the Board and Board members in accordance with decisions by the Swedish government and this also pertains to remuneration to Board members for their work on committees. 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 and CFO (who are senior executives 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 incentives for achieving Industrifonden's most important goals.

The Executive Director's remuneration for the financial year amounted to SEK 2,982 (4,348) thousand, which is the cumulative amount for both the prior and current Executive Director.

Of Industrifonden's total pension costs and other remuneration, SEK 1,103 (1,243) thousand was for the Executive Director.

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.

David Sonnek served as the Executive Director until 28 November 2021. During the period 29 November 2021 until 13 February 2022, Senior Investment Director Per Anell served as the acting Executive Director until Peter Wolpert took over as the new Executive Director on 14 February 2022.

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

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 6 Disclosure on remuneration to the auditor

	2021/2022	2020/2021
Deloitte AB		
Audit assignment	719	703
Other services	6	–
TOTAL	725	703

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 Equipment

	2022-06-30	2021-06-30
Opening cost	7,704	6,432
Purchases	175	1,272
Disposals/retirements	–	–
Closing accumulated cost	7,879	7,704
Opening depreciation	–5,154	–3,705
Disposals/retirements	–	–
Depreciation according to plan for the year	–1,448	–1,449
Closing accumulated depreciation	–6,602	–5,154
CLOSING RESIDUAL VALUE	1,277	2,550

Note 8 Profit (loss) from management of liquid assets

	2021/2022	2020/2021
Mutual funds	116,328	33,744
Interest-bearing securities	–55,436	6,342
PROFIT (LOSS) FROM MANAGEMENT OF LIQUID ASSETS	60,892	40,086

Profit or loss from mutual funds and interest-bearing securities are attributable to capital gains/losses and value adjustments. The composition of marketable securities and their carrying amounts are presented in Note 10.

Note 9 Prepaid expenses and accrued income

	2022-06-30	2021-06-30
Accrued revenue: management of liquid assets	1,790	1,957
Prepaid rents	1,336	1,281
Prepaid licenses	685	279
Prepaid insurance	643	745
Other prepaid expenses	778	328
TOTAL	5,232	4,590

NOTES

All amounts are SEK thousand, unless otherwise stated.

Note 10 Marketable securities

	Cost	Market value	Carrying amount 2022-06-30	Carrying amount 2021-06-30
Interest-bearing securities				
Interest-bearing	1,902,841	1,841,940	1,841,940	1,852,363
Total interest-bearing securities	1,902,841	1,841,940	1,841,940	1,852,363
Mutual funds				
Swedish mutual funds	358,923	390,947	358,923	497,657
Global mutual funds	63,631	86,261	63,631	93,415
Total mutual funds	422,554	477,208	422,554	591,072
TOTAL MARKETABLE SECURITIES	2,325,395	2,319,148	2,264,494	2,443,435

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.

Note 11 Accrued expenses and deferred income

	2022-06-30	2021-06-30
Accrued personnel costs	11,464	12,994
Accrued lawyer fees	952	2,102
Accrued consultant fees	2,662	2,576
Accrued audit fees	406	394
Other accrued expenses	2,274	3,423
TOTAL	17,758	21,489

Note 12 Contingent assets, contingent liabilities and pledged assets

	2022-06-30	2021-06-30
Contingent assets	None	None
Contingent liabilities	None	None
Pledged assets	None	None

Note 13 Significant events after the financial year-end

Subsequent to the end of the financial year, all of Industrifonden's share holdings in Inriver AB were divested.

SIGNATURES

Stockholm, 23 September 2022

Birgitta Stymne Göransson
Chairman of the Board

Lars Gatenbeck
Vice Chairman of the Board

Åsa Hedin
Board member

Daniel Kristiansson
Board member

Charlotta Nilsson
Board member

Bo Normark
Board member

Christian Salamon
Board member

Maria Strömme
Board member

Peter Wolpert
Executive Director

Our audit was submitted on 23 September 2022

Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

Daniel Wassberg
Authorized Public Accountant

AUDITOR'S REPORT

To the Board of Stiftelsen Industrifonden
Corporate identity number 802009-0083

Report on the annual accounts

Opinions

We have audited the annual accounts of Stiftelsen Industrifonden for the financial year 2021-07-01 – 2022-06-30 with the exception of the sustainability report contained within the Directors' Report on pages 6–11.

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 Stiftelsen Industrifonden as of 30 June 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinion does not cover the sustainability report contained within the Directors' report on pages 6–11.

The Directors' report is consistent with the other parts of the annual report.

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 Stiftelsen Industrifonden 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 Executive Director

The Board of Directors and the Executive Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Executive Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Executive Director are responsible for the assessment of Stiftelsen Industrifonden'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 Executive Director intends 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 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.

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, 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 Stiftelsen Industrifonden'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.
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in preparing the annual 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 Stiftelsen Industrifonden'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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 the foundation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Executive Director of Stiftelsen Industrifonden for the financial year 2021-07-01 – 2022-06-30.

In our opinion, none of the members of the Board of Directors nor the Executive Director have acted in contravention of the Foundation Act, the Annual Accounts Act or the Foundation Ordinance.

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

Basis for Opinion

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 Stiftelsen Industrifonden 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 Executive Director

The Board of Directors and the Executive Director are responsible for Stiftelsen Industrifonden's administration in accordance with the Foundation Act and the Foundation Ordinance.

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 Executive Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to Stiftelsen Industrifonden or if there are grounds for dismissal, or
 - in any other way has acted in contravention of the Foundation Act, the Annual Accounts Act or the Foundation Ordinance.
- 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 Stiftelsen Industrifonden.

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 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.

The auditor's statement on the statutory sustainability report

The Board of Directors is responsible for the sustainability report contained within the Directors' Report on pages 6-11 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our audit was conducted in accordance with FAR's recommendation RevR 12, Auditor's report for companies preparing the statutory sustainability report. It means that our audit of the sustainability report has a different focus and a much smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We feel that this audit has provided an adequate basis for our opinion.

A sustainability report has been prepared.

SStockholm, 23 September 2022
Deloitte AB

Signatures on Swedish original

Jonas Ståhlberg
Authorized Public Accountant

Daniel Wassberg
Authorized Public Accountant

ADDRESSES

STOCKHOLM

Industrifonden
Box 1163
111 91 Stockholm

Street address:

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